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(Hansard)**

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des débats
(Hansard)**

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**Standing Committee on
General Government**

Cap and Trade
Cancellation Act, 2018

1st Session
42nd Parliament

Wednesday 17 October 2018

**Comité permanent des
affaires gouvernementales**

Loi de 2018 annulant le
programme
de plafonnement et d'échange

1^{re} session
42^e législature

Mercredi 17 octobre 2018

Chair: Dave Smith
Clerk: Sylwia Przewdziecki

Président : Dave Smith
Greffière : Sylwia Przewdziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES**

Wednesday 17 October 2018

Mercredi 17 octobre 2018

The committee met at 0900 in committee room 1.

**CANADIAN MANUFACTURERS
AND EXPORTERS**

**CAP AND TRADE
CANCELLATION ACT, 2018**

**LOI DE 2018 ANNULANT LE PROGRAMME
DE PLAFONNEMENT ET D'ÉCHANGE**

Consideration of the following bill:

Bill 4, An Act respecting the preparation of a climate change plan, providing for the wind down of the cap and trade program and repealing the Climate Change Mitigation and Low-carbon Economy Act, 2016 / Projet de loi 4, Loi concernant l'élaboration d'un plan sur le changement climatique, prévoyant la liquidation du programme de plafonnement et d'échange et abrogeant la Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone.

The Chair (Mr. Dave Smith): It's 9 o'clock, so we will start in just a moment. There are a couple of house-keeping things I'd like to remind everyone of. Could the committee members please raise your hand or flag me in some way to let me know that you're speaking. Your microphones cannot be turned on by pushing the speak button. I need to announce you so that Hansard knows it is you who is speaking and then your microphone will be turned on.

We're going to go with a similar rotation than we did earlier in the week: four minutes for the NDP, two minutes for the Green, four minutes for the PCs. We will rotate through so that no one is stuck in the first position or the last position in every case.

For the members in the audience and for those who are coming to present, I'd like to remind you that we do require that you speak with parliamentary language so that it is very complementary. If there is something that comes across as being derogatory or being out of line, I will remind you to please speak in parliamentary language. Effectively, I have the ability to say, "Stop, or I will say stop again." That's about the extent of it. But I would like to make sure that we maintain proper decorum the entire time.

When you're brought up, I will ask for each of the presenters by name of organization, and then I would ask you to introduce yourselves. Once you start to introduce yourselves, your 10 minutes will begin at that point. After you have introduced yourself, please go straight into your presentation.

The Chair (Mr. Dave Smith): I'd like to start with the Canadian Manufacturers and Exporters, then, please. Please come up to the table.

Mr. Alex Greco: Good morning, everyone. Thank you for the invitation to appear before you today. My name is Alex Greco. I'm the director of manufacturing policy for Canadian Manufacturers and Exporters, CME. Joining me today is Michael Kandravy, director of fuels quality and regulatory affairs for Suncor Energy. Michael is here in the capacity as the chair of CME's Ontario environment EQ committee. Michael and I are here today to speak to you about Bill 4, the Cap and Trade Cancellation Act, 2018.

Manufacturing is critically important to Ontario. In fact, it directly accounts for nearly 12% of gross domestic product, GDP; 80% of exports; and nearly 800,000 direct jobs. Manufacturers generate significant economic spin-offs throughout the economy and Ontario's communities, including in natural resources, food processing, technology and every service sector, from banking to logistics. Factoring in these economic spinoffs, manufacturers drive nearly 30% of all economic activity, 25% of all jobs and one third of all government revenues.

Since 1990, manufacturers in Ontario have significantly reduced greenhouse gas emissions and have done so while increasing output and thus continuing to be a significant contributor to the economy of Ontario. The evidence of the past 25 years clearly shows that improvements in environmental performance and economic growth can be related.

As investment in new machinery and equipment increases, companies are more productive and emissions and energy intensity decrease. At the same time, these investments make manufacturers more competitive, enabling companies to further invest in their workforce and in new products and technologies as they expand their business.

CME has decided to engage on pieces of legislation such as this one, as we always have, by engaging constructively with government, providing practical solutions and relaying directly to you the thoughts of Ontario manufacturers. Overall, we support this piece of legislation. We believe it has the potential to help enhance the competitiveness of manufacturing here in Ontario.

With that said, we would like to provide the committee with our recommendations.

Number one: Continue with the orderly wind-down of the cap-and-trade program. The continued wind-down of the cap-and-trade program must continue to be conducted in an orderly fashion to ensure that the competitiveness of the manufacturing sector in Ontario is maintained and that companies can continue to move forward with making decisions that impact their day-to-day operations.

Our members have been concerned about the impact the cap-and-trade system has had on the business operations of manufacturers, particularly small and medium manufacturers. Moving forward, it is critical that Ontario's current investment climate go together with reducing emissions. The goal must be to create a business climate that will reverse the recent declines in investment, prevent capital and carbon leakage to neighbouring competitive jurisdictions and reduce greenhouse gas emissions for all manufacturers.

Number two: Ensure fair reimbursement for participants who purchased allowances under the cap-and-trade program.

We would like to respectfully highlight the incorrect assumption that cap-and-trade costs were primarily passed through from program participants to consumers and therefore aren't eligible for compensation. This is inaccurate, as not all costs of allowances purchased have been passed, or can and will be passed through to manufacturers. During our consultations, some members expressed concerns to us that investments may not be kept whole and recovered appropriately, resulting in unintended consequences and some manufacturers accumulating additional costs.

Sections 6, 7 and 8 of the bill as it is written disallow any allowances purchased in auction or through a third party. If these sections of the bill remain as is, it will penalize certain subsectors of manufacturing, such as the steel and agri-food industries, who acted in good faith at the time the cap-and-trade rules were written. These industries will have no way to recover these costs.

We recommend that sections 6, 7 and 8 of Bill 4 be amended to ensure that those participants in the program can be fairly reimbursed for allowances purchased in the first compliance period.

I would now like to turn the floor over to Michael to talk about our final recommendation and to conclude our remarks.

Mr. Michael Kandravay: Thank you, Alex.

Good morning. My name is Michael Kandravay. I'm the chair of the CME environment committee.

We recognize the importance of climate change and the necessity to reduce greenhouse gas emissions. We also share the government's interest in ensuring that climate change regulations are both effective and practical. We thus recommend a climate change plan that integrates key environmental priorities, reduces emissions and grows Ontario's economy.

As the government of Ontario looks to finalize the framework for a new climate plan for the province, the following factors should be taken into consideration.

Climate change should be integrated with other environmental priorities such as air, waste and water, to

ensure that the achievement of goals in one area does not come at the expense of another. Ideally, a robust climate change plan should tick several of the proverbial environmental boxes.

A climate change plan must also take resiliency and adaptation into account, as well as mitigation. A society whose resilience is robust is better able to cope with new threats and extreme weather events by adapting, by resisting or by changing in order to limit the social, economic and environmental repercussions stemming from climate change. It's also an accessible manner for hands-on engagement and participation by Ontario's manufacturing sector.

In addition, the National Round Table on the Environment and the Economy stated: "In a changing climate, firms that routinely incorporate climate change impacts and adaptation in major investment decisions and in decisions with long-term consequences will be better off than their competitors."

In line with these factors, the government of Ontario should revisit the previous greenhouse gas reduction regulation and reconsider repurposing certain elements of the regulation, including the treatment of fixed-process emissions and the role of offsets. We do not need to reinvent the wheel. With several provinces and the federal government already implementing or developing regulations aimed at greenhouse gas emissions reductions, we must avoid stacking and duplication.

The plan must also focus on ensuring consistent, outcome-based actions. By outcomes, we mean they could be in absolute terms or intensity-based. If the desired outcome is to reduce emissions and grow the economy, we must ensure that we are measuring for these results and doing it in a way that is simple for Ontario's manufacturing sector to participate in and support. To that end, the plan design must limit the regulatory burden of reporting and the verification process for environmental approvals.

We recommend establishing a joint government-industry working group with a broad range of stakeholders to develop a climate change plan that achieves economic prosperity while maintaining strong environmental performance.

We hope our comments help provide guidance to the government of Ontario. We believe that there is an opportunity for a balanced approach that sees manufacturing thrive in our province. And given the critical role that manufacturing plays in the province, any legislation or policies aimed to reduce emissions and improve Ontario's investment climate must also support the long-term growth of manufacturing if it is to succeed.

We thank you for the opportunity to present today. We look forward to your questions.

0910

The Chair (Mr. Dave Smith): Thank you very much. You still have another minute, if you wanted to use it.

Okay. Then we'll start with the NDP. Jessica? Sorry, Ms. Bell.

Ms. Jessica Bell: That's fine.

Thank you for your presentation. The UN has recently come out and recommended a 1.5-degree maximum

increase in temperature warming by 2040 if we don't want to move to a global climate catastrophe. What is your recommendation on what kind of GHG reductions we would need in a future Ontario plan?

Mr. Michael Kandravy: We talked about striking a government-industry working group. I think that working group could then look at establishing that type of goal. We can recommend process. We can look at where the goal was previously for the government and look at jurisdictions that are competing with Ontario too, in terms of their climate change goals, and try to strike a right balance with that.

Ms. Jessica Bell: So you don't have a specific target?

Mr. Alex Greco: Not at this point. We're in the process of consulting our members on this. That will be something that we would be happy to get back to you and the rest of the committee on.

Ms. Jessica Bell: Great.

The Chair (Mr. Dave Smith): Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming and making a presentation this morning.

Your second recommendation, fair reimbursement for participants: Can you give us a sense of the scale of reimbursement that is currently not contemplated in this act?

Mr. Alex Greco: For our members, I think there are a few things: Number one is the fact that a lot of companies, especially in the food and agri-food sectors, had purchased hundreds of thousands of credits and allowances. They had made business plans as a result of moving forward to try to get reimbursed and to be able to go under the current system. I think, however, as a result, right now it has created a lot of uncertainty for those companies because they're not sure where that money will go, or what they could be able to do to reinvest in their business operations, whether that's building new machinery, new equipment or even reinvesting in energy-efficient projects. That money that could have been put in there is now lost.

As it stands right now with the bill, as we mentioned in our remarks, they won't be able to recover those costs. We have to keep that in mind, especially for sectors like agri-food and steel, as we mentioned in our remarks. We've had member companies, some of which are even small and medium enterprises, that will especially get hit as well. I think we have to keep that in mind.

Mr. Peter Tabuns: I understand that argument. Do you have a sense of the financial scale of the reimbursement that you're talking about?

Mr. Alex Greco: I think the financial reimbursement is anywhere from \$100,000 to \$500,000 in some cases.

Mr. Peter Tabuns: So in the aggregate, we're talking about—

Mr. Alex Greco: Around probably over a million, at this point.

Mr. Peter Tabuns: Over a million. Okay.

I was interested in your statement that the costs from cap-and-trade were not necessarily passed on to customers. An argument that has been made in the Legislature by the governing party is that when you have cap-and-trade,

costs go up throughout the economy and so people are taxed in a variety of ways. You're saying to us that in a lot of cases, companies absorbed those costs and didn't pass them on to customers. Is that correct?

Mr. Alex Greco: It depends on the company, to be honest with you. In some cases they were, but in some cases they weren't. I think at times money was held back, especially from a lot of the bigger-sized manufacturing members.

I think it's important, going forward, that whatever we look at in a climate change action plan, or even as we're doing this orderly wind-down, that some cost has to be passed back to the consumers, but also keeping them back of mind because, as we mentioned, manufacturing is responsible for one fourth of Ontario's economy. They drive the economy. If there's no more money in consumers' pockets and there are no jobs, then where does the economy of Ontario go as it relates to manufacturing? I think that's an important distinction to be made, going forward.

The Chair (Mr. Dave Smith): We'll move on to Mr. Schreiner.

Mr. Mike Schreiner: Thank you for being here today. I appreciate you taking the time.

One of the concerns you raised, which I really share, is just the cost of regulation and the kind of burdens that places on companies. One of the competing ways of approaching climate action is, do you take a market-based approach or do you take a regulatory approach? Which do you think creates the most cost for manufacturers, of those two approaches?

Mr. Alex Greco: We've been working a lot with the Ministry of Economic Development and other ministries about reducing the regulatory burden on manufacturers. I think we have to focus on market-based solutions and they have to be focused on outcomes-based.

I think this really also comes down to investment as well. The reason why I say that is that we at CME recently did a tax competitiveness report earlier in the summer and talked about the investment climate in Canada. It showed that in 2012, our investment levels were on par with the United States: \$40 billion going to the United States, \$40 billion going into Canada. Now we're at an investment deficit in terms of foreign direct investment: \$80 billion going into the US and only \$20 billion going out.

I think it has to be driven by the market because if we improve the investment climate, that will allow not only for companies to be able to make those investments, to be able to reduce those emissions, but we're also going to be able to look at improving manufacturing operations; we're going to be able to look at really opening new facilities for manufacturing. I think it has to be driven by the market.

The less regulation for our members, the better, because any additional regulations will add to the cost of doing business. I think, just given where the investment climate is in Ontario right now and where we're looking to go for the manufacturing sector to thrive, it has to be market-based. Right now the sector is, quite frankly, stagnant, and we have to reverse those trends if we're going to move forward.

Mr. Mike Schreiner: My—oh, go ahead. Sorry.

Mr. Michael Kandravy: It's Mike Kandravy here. If I could add—

The Chair (Mr. Dave Smith): I'm sorry. We've run out of time for this question. Ms. Hogarth?

Ms. Christine Hogarth: Thank you both for being here today. We really appreciate your deputation this morning. I just wanted to comment on something that you had said earlier about what we have also been saying, that some of the costs are brought back to the pocketbooks of the people of Ontario. Manufacturers can't absorb all these costs, and for those that do—it talks here about 800 direct jobs—it probably comes out in the job sector and there are probably job losses. I do appreciate you stating that this morning.

There have been many suggestions provided on how we can focus on large emitters and to ensure our focus is not directed on the hard-working families of Ontario. We're interested in understanding your organization's view on a sector-specific approach. Do your association members support this type of approach and why?

Mr. Michael Kandravy: Many of the members have been working in a sector-based-approach environment for years. The previous cap-and-trade was sector-based. We've been dealing also in developing the federal regulation on a sectorial basis. I think in a lot of cases sectors lend themselves to international benchmarking, so they can then compare themselves to like facilities around the world to really show how well-positioned they are vis-à-vis their peers around the world or what improvements are needed.

Ms. Christine Hogarth: Did you want to add anything?

Mr. Alex Greco: I'll add one thing too. At CME, we have around 23 different subsectors as part of our membership for manufacturing. We mentioned a joint government task force. I think, in order to make each emissions target sector-based, you have to have each subsector of manufacturing involved. It can't be a one-size-fits-all approach because different sectors in manufacturing are more trade-exposed than others. I think that's an important distinction to be able to make.

Also, at CME, we have 85% of our members that are small and medium enterprises. It's important not to forget the SMEs specifically in this conversation. The reason I say this is that we talked to a lot of companies over the summer through round table discussions about what makes them invest and grow, and the reality is, right now a lot of them are on the verge of leaving Ontario. So if we don't get this right for this climate plan, along with electricity costs skyrocketing as a result of the global adjustment, then there will be more uncertainty and it could result in companies that have been here for years leaving the province of Ontario.

Ms. Christine Hogarth: That actually just leads me to my second question about job loss in Ontario. It's so important that we do keep these jobs in these communities. It actually makes these communities—a lot of these manufacturing jobs are held in small communities. It's not just

bases like Toronto but the small communities around. Those are the engines that drive those economies and obviously employ the people. As we know, one job keeps a family there and they move on and on, so we have to make sure that our people have jobs.

Just another question here: In your experience with the offset of cap-and-trade and the carbon tax, have you found that companies have started to look at other jurisdictions, as you said, and do you foresee companies leaving should the carbon tax be imposed by the federal government, as they're saying they're going to do?

Mr. Alex Greco: I think it depends, right? Our position on carbon tax is, we've been kind of agnostic—as long as the fact that any revenue from carbon taxes goes back directly to the company so they can be able to either reduce emissions or invest in technology adoption projects or capital machinery and equipment.

0920

I think if any carbon pricing revenues don't go directly back to the company for to it be able to make new investments, then I think it runs the risk for companies to be able to look at other jurisdictions—

The Chair (Mr. Dave Smith): Thank you.

Mr. Alex Greco: Sorry.

The Chair (Mr. Dave Smith): We've come to the end of the time for this presentation. I would like to remind you, though, that you made a comment that you would present some more information to the committee. We would have to receive it today by 6 p.m. in order for us to include that.

Mr. Alex Greco: Okay.

The Chair (Mr. Dave Smith): Thank you very much, though.

Mr. Alex Greco: Thank you.

ARCTERN VENTURES

The Chair (Mr. Dave Smith): Next up, we have ArcTern Ventures. Please introduce yourself. Your time will start as soon as you introduce yourself.

Mr. Tom Rand: My name is Tom Rand. I'm the managing partner of ArcTern Ventures. We are a privately backed venture fund that invests in clean energy technologies. We've deployed about \$150 million to date. I'm also the author of a couple of books about climate and clean tech; I won't list them. I'm sort of a jack of all trades, but my day job is, I place private capital into clean energy technology companies.

Thank you for letting me take the time to speak today. I appreciate it. I will keep my remarks as brief and pragmatic as I can. I will be making three assumptions in order to make those comments pragmatic.

The first is that this government and this room understand climate risk. We're educated people here. It's 2018, last time I checked. Not to put too fine a point on it, anybody who has read that IPCC report that came out should be terrified. I have a one-year-old kid. There is a reasonable probability that little Henri Rupert will live to see the breakdown of civic society. That's what that report tells

us. If one is not frightened by that report, one either didn't read it or didn't understand it. I'm assuming, in good faith, that this government wants to act on climate. The province I know and love and the country I know and love act on the great moral issues of our time. We do not stand back and play second fiddle; we step up to the plate. I'm assuming the Ontario government that is in power today will act in that way. That's an assumption.

The second is that given the political brand of the Conservative Party, they're predisposed to smaller government, which I understand. The revenue side of cap-and-trade is gone. I get that. I take that as a premise, as well.

The third is, of course, that there is a very large and loud political fight happening around climate, and that this government needs to make a statement as to where they stand on that. I understand that too, and I accept that.

What did the previous cap-and-trade legislation do, aside from reducing emissions? It linked to other markets, which made it very efficient. While the flows of capital from Ontario to another jurisdiction don't look good, it does make it extremely efficient for Ontario emitters, because you can hunt for the lowest-cost emissions incremental reduction in a much broader market than just Ontario. It is substantively economically efficient to link Ontario to other markets. It recycled money to ease the pain of reductions, both on the industrial side and on the consumer side, and it recycled money to accelerate clean tech. I understand that recycling money is probably out of the picture now. But those were important components of that policy.

Given all of that, what do I recommend? Well, the first thing is, don't throw the baby out with the bathwater. Keep cap-and-trade in place, but hand the revenue back to taxpayers. The political upside of a cheque going out every quarter to taxpayers cannot be lost on this government. The political upside of continuing to own the climate file and not letting the feds steal it from us cannot be lost on this government, as well. It makes a very large political statement. I think keeping cap-and-trade in place but recycling the revenues back to the taxpayers—a revenue-neutral market mechanism—matches the ideology and the brand of the Conservative Party. It will be effective, and it will make the statement that this government wants to make. That's my first recommendation.

The second is, don't start a fight with the feds over this. I don't think it's a fight that you can win—certainly, not legally. From a political perspective, I understand that it plays well to the base. It plays well in the primaries, as they say. But a majority of the supporters of every party in this province and this country want action on climate. That is not a political football. It plays well in primaries, but I don't think it's going to play well in the public debate. So I just think there's a political risk there that's not really being acknowledged.

It also denigrates the seriousness of the Conservative brand on this issue. To negate market mechanisms as the Conservative Party, as the centre-right party in this province—those of us who may lean conservative are running for the hills on this issue, because it denigrates the seriousness of you on this issue.

You cannot take the climate problem seriously and say in good faith that you're going to act on this problem, yet run away from market mechanisms, and maintain at the same time a loyalty to the ideology of the Conservative Party, which is to embrace market mechanisms to solve problems. So don't start a fight with the feds over this; it's not one you can win.

I think there's a great opportunity for leadership here, national leadership coming from Ontario, where a third rail of politics, much like health care in Canada and military spending in the United States, a revenue-neutral—so you're not making the government bigger. You are returning money to taxpayers. Ontario is stepping up and saying to the feds, "We will have a revenue-neutral carbon price or cap-and-trade," and that will become a third rail of Canadian politics that is simply not discussed anymore: "We, as a country that takes this problem seriously, endorse the market mechanism."

And then political parties can argue about more substantive issues: Should we raise more money and not recycle it? Should we have a regulatory approach in addition to carbon trade? How do we protect and promote our clean tech industries? There are a lot of really interesting and substantive policy issues we could be discussing, but discussing whether or not we use a market mechanism to solve this problem diminishes this debate to Canadians. So please, there's an opportunity for leadership here. It confuses those of us who are in the business world who may lean conservative when you walk away from market mechanisms and pick a fight over it. It doesn't make any sense.

The third recommendation is to support clean tech exports. If there was ever a way in which our environmental aspirations and our economic self-interest come together, it is in exporting Canadian innovation abroad. These are the companies that I invest in. I've deployed dozens of millions of dollars of capital. The market is enormous. There is \$380 billion a year of solar. Energy storage is projected to be \$100 billion within 10 years.

This is an opportunity for Canada. We have great horses in the race, and as we export our innovative solutions to this problem—lower-cost grid-scale energy storage, cellulosic ethanol and so on—our economic self-interest, where we want jobs, wealth and security for our citizens, dovetails perfectly with our environmental aspirations, because we move the needle globally on emissions by exporting those technologies far more than we could ever move the needle on emissions by reducing our own, simply because we are so small as an economy compared to the global economy. Pushing technologies into the market, supporting them to move the needle in China, India, Central America, South America and Pakistan: That is how we create wealth in this province and that is how we move the needle on carbon emissions. Whatever you do, support and accelerate Canadian and Ontario clean tech energy exports.

The last thing is to talk to the right people. There are some very smart people across the road at MaRS; no one has been asked their opinion about clean tech and the role

technology plays in this evolving marketplace. I think there are some very willing helpers over there who can add to the discussion.

You will be tempted as a governing party on the right to throw some money at R&D, point to it and say, “That’s my climate effort. Look: I take the problem seriously. I’m going to throw a few hundred million dollars at R&D and walk away.” It’s tempting because it’s cheap, it’s visible, it’s high-tech and it’s cool, but it is clearly insufficient as a response to this problem. It is necessary to support R&D, but it is not sufficient.

The reason I say that is that it is about a 10-year commercialization cycle to get clean-energy technology into the market. Companies I invested in 10 years ago are just now getting into the market and beginning to show that they can displace fossil fuels, compete with them in the open market and beat them at their own game. That’s a 10-year commercialization cycle. Investing in R&D is like watching the Titanic leave the dock and talking about the need to invest in some new sonar technology: It’s simply too late. That will be what you will be tempted to do, but I would urge you to do a lot more than that.

I’m happy to take some questions. Thank you for your time.

The Chair (Mr. Dave Smith): We’ll start with Mr. Schreiner.

Mr. Mike Schreiner: Thank you for being here today. I appreciated your presentation. I wanted to focus in a little bit on your third point. We all know globally that the clean economy is the fastest-growing sector of the global economy. What are the tools government can do to help Ontario be a clean tech leader, create those jobs and generate that wealth?

Mr. Tom Rand: That’s a very good question. I just participated in the national strategy table on clean tech, and the federal government is asking exactly that same question.

Do you remember how in the Olympics there was something called Own the Podium, where we picked athletes who demonstrated an ability to win in international competitions and backed those athletes? It wasn’t the government picking the winners of the Olympics; they were letting the market, as it were, pick those winners and then supporting them.

0930

I think the idea of being able to provide capital for scale-up—there are particular ways in which one might provide that capital. Clean tech is unique in that in order to get into the market where you’re building infrastructure, you need to become bankable. You can win contracts that are \$400 million or \$500 million. To deliver on those contracts, you need EDC at the table, and EDC is reticent to support emerging technologies. They are very happy to support folks like Bombardier, the big players with a big balance sheet.

I can get back to you with more details, but I think there are very finely tuned financial mechanisms where the provincial government can de-risk scale-up capital so the private sector can rush in. You’re not crowding out private

capital. You’re enabling private capital to play faster in order to accelerate companies that are going to be in the market anyway.

Mr. Mike Schreiner: As an investor in this space—if Ontario pulls back on climate action, how do you think it’s going to affect investment in job creation and clean tech?

Mr. Tom Rand: It’s a good question. ArcTern got an investment from Statoil, known as Equinor. It’s a Norwegian oil and gas company. They did that partly because the ecosystem around clean tech in Ontario is particularly good. We have support from the feds; we had support from the Ontario government. It was clear—

The Chair (Mr. Dave Smith): I’m sorry. We’ve run out of time for that question.

Mr. Tom Rand: Okay. Sure.

Mr. Mike Schreiner: Thank you.

The Chair (Mr. Dave Smith): Ms. Khanjin.

Ms. Andrea Khanjin: Thank you for coming in today and for your very passionate comments. I made a few notes about your remarks. I’m just curious to know, after doing some research—your company invests in different climate change start-ups, correct?

Mr. Tom Rand: We invest in clean tech start-ups, yes.

Ms. Andrea Khanjin: Right, clean tech start-ups. Where are those companies that you invest in located? Are they publicly traded on the stock market?

Mr. Tom Rand: No, no. We invest in early-stage technology companies, so we are typically the first institutional investor. By the time a company is public, I’ve passed the baton five times before that. That’s an exit for us.

All 10 companies that we’ve invested in are based in Ontario.

Ms. Andrea Khanjin: They’re based in Ontario? Wonderful. Generally, as an investor, you have a stake in these companies that you’ve invested in, correct?

Mr. Tom Rand: Yes.

Ms. Andrea Khanjin: In terms of the rationale of you being here, is it on behalf of your clients and your companies that you invest in—

Mr. Tom Rand: No, as a citizen. As an investor, I am bullish on clean tech. I do not need government help for my companies to succeed. I’m going to make a lot of money, and my investors are going to make a lot of money. This market is rolling downhill now.

As a human being, I understand, though, that we need a deployment of clean energy technology about 10 times faster than what the market will do on its own, to stop anywhere close to two degrees.

Ms. Andrea Khanjin: But by being here and advocating for more clean tech, it directly impacts you and your shareholders positively.

Mr. Tom Rand: It does, yes. So I am either self-interested or I am putting my money where my mouth is. You can make the decision as to what that is.

Ms. Andrea Khanjin: Right. You were talking about money and how the government should raise money and recycle it. Where do you propose that the government raise this money from?

Mr. Tom Rand: Cap-and-trade. I think you should keep cap-and-trade in place, but recycle that money back to taxpayers—revenue-neutral.

Ms. Andrea Khanjin: How does it make you feel that you've just stated that you're taking \$260 away from every single person in Ontario? That's money they could be using to start up a company or other things—

Mr. Tom Rand: Well, it's less expensive than what the feds will do, and I think Ontarians are ready to step up on climate. I think you underestimate the moral fibre of Ontario and our willingness as citizens to act on this issue.

Ms. Andrea Khanjin: But is it morally acceptable to just take money away from those who are most in need of—

Mr. Tom Rand: Well, if you want to recycle the revenue, you can give it back to those who are least well off. You can tune that policy however you see fit. But yes, it is moral to take money from Ontarians in order to address climate risk. Yes.

Ms. Andrea Khanjin: But cap-and-trade does take money away from Ontarians, and you said that it's immoral to take it away from Ontarians.

Mr. Tom Rand: I did not say it's immoral; I said it's moral. Ontarians are willing to pay to do something about climate.

Ms. Andrea Khanjin: So if you have no money in your bank account—it's a regressive tax. It hurts the most low-income—

Mr. Tom Rand: It is not regressive. You can recycle the revenues back to those who are least well off, if that is what you would like to do.

Ms. Andrea Khanjin: So those revenues are coming from who?

Mr. Tom Rand: The citizens.

Ms. Andrea Khanjin: So you're proposing that we take money away from the people who need it the most, and then give it back?

Mr. Tom Rand: No, I'm saying that once you raise that money, you can recycle it any way you see fit. What I would do is, yes, I would give that money back, as a priority, to those who are least well off. That's what I would do.

Ms. Andrea Khanjin: But to begin with, you're taking it away.

Mr. Tom Rand: Of course you are. I don't understand the issue. But go ahead.

Ms. Andrea Khanjin: In addition to your comments, you also mentioned clean technology. A commitment that this government has made, in addition to fighting climate change, is investing in clean technology. Would you admit that that is a good way to go, and supportive of our platform commitment?

Mr. Tom Rand: It is a necessary but not sufficient condition of responding to climate risk.

Ms. Andrea Khanjin: But it is necessary.

Mr. Tom Rand: It is a necessary but not sufficient condition, yes.

Ms. Andrea Khanjin: A few things you've mentioned: To have companies thrive here in Ontario, we need a

made-in-Ontario solution. Saskatchewan and other provinces have solutions that are made in their provinces. How do you presuppose that Ontario is to compete with other provinces that are already carving out stakes for their particular sectors and Ontario is now lagging behind because it's not carving out sectors for—

Mr. Tom Rand: Well, that's precisely what cap-and-trade did, right? It was sector-specific—

The Chair (Mr. Dave Smith): I'm sorry; we've come to the end of the time. Mr. Arthur?

Mr. Ian Arthur: Thank you very much for your presentation. You spoke about being bullish on clean tech right now. Can you comment on the uncertainty that is potentially created with the legal battle and the federal backstop?

Mr. Tom Rand: Yes. We have companies that are bidding on projects all over the world—very large projects—and the first thing that the counterparty wants to see is that you have a substantive install base in your home country, your home province. If you don't, they think there's something wrong with you. So it is very important that we seed these companies with strong support in Ontario, because that better enables them to go after the global markets that we're really seeking. The markets for these companies are not in Ontario; they're global. But you have to have something at home or you simply are not credible in those global markets.

Mr. Ian Arthur: Thank you.

The Chair (Mr. Dave Smith): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Rand, thanks very much for being here this morning. As always, I enjoyed your presentation.

The suggestion you've made to recycle the revenue from cap-and-trade back to the citizens of Ontario is an interesting one, and many people have made that suggestion. Where do you suggest we raise the funds from to make other climate-related investments, both in terms of mitigation and adaptation?

Mr. Tom Rand: Well, I was actually fine with cap-and-trade as it stood. I think climate is an urgent enough problem and the economic opportunity in clean tech is big enough that recycling revenues back to industrial emitters to help them de-risk new technologies, getting at the homeowners to install heat pumps—I think those were all good ideas. I don't think that's going to fly with this government, so I accept that.

When I say revenue-neutral, I'm trying to make it politically palatable to those on the centre right. We will need additional monies over time to deal with adaptation and all the rest of it. That's a problem for another day. Right now I'm just trying to save the baby from the bathwater.

Mr. Peter Tabuns: I understand that argument and—no, I'm going to skip that question. I'll pass it on to my colleague.

The Chair (Mr. Dave Smith): Ms. Bell.

Ms. Jessica Bell: I'm just reading here that the BC climate program is revenue-neutral, where they offer a tax

credit that helps offset the impact of carbon taxes paid by individuals or families. Have you looked into the BC carbon tax program? Are there things you like about it that we could apply here?

Mr. Tom Rand: Yes, the revenue neutrality of it makes it politically robust. It's very difficult to make a political football out of a policy that has reduced taxes equivalent to what it had raised. That's why I think revenue neutrality, while it's kind of wimpy on the climate side—it's not as aggressive as it could be—is politically robust and it survives elections.

That's one thing that I regret about the previous government. A number of us recommended that it be revenue-neutral in order to survive an election. It didn't. I think going revenue-neutral is precisely what that political third rail would be on climate that we're seeking, where it's no longer a political argument; it's kind of an assumption that Canadians have.

Ms. Jessica Bell: Thank you. Are there some clean-tech exports that Ontario specifically is well positioned to develop over the next 10 years?

Mr. Tom Rand: Absolutely. I think we have three big ones: cellulosic ethanol, energy storage and next-generation solar.

Ms. Jessica Bell: Thank you.

Mr. Peter Tabuns: No further questions.

The Chair (Mr. Dave Smith): Since there are a couple of seconds left, actually, I would like you, if you don't mind, to please give a definition of what revenue-neutral is for yourself, because revenue-neutral can mean multiple things.

Mr. Tom Rand: Sure. That's a good point.

It's never revenue-neutral to every individual. It is revenue-neutral to the government. So if the government raises \$10, it hands \$10 back in tax cuts or cheques. It won't be revenue-neutral to every single person because, for example, if I live a low-carbon lifestyle, I will come out ahead of the game. If I live a high-carbon lifestyle, I will be behind in the game. The market signal is precisely to motivate individual citizens and companies to lower their carbon footprints in order that they're a net winner in what is, to the government, a revenue-neutral tax.

The Chair (Mr. Dave Smith): So the definition was about revenue neutrality—

Mr. Tom Rand: To the government. That's correct.

The Chair (Mr. Dave Smith): Not anything else.

Mr. Tom Rand: That's correct.

The Chair (Mr. Dave Smith): One last thing on it: You had said that if \$10 came in, \$10 goes out. That does not actually meet the smell test—I'm sorry—for revenue-neutral, because there is a cost involved in the handling on it. Is that something that was simply an oversight?

Mr. Tom Rand: Any program has administrative costs. That's life.

The Chair (Mr. Dave Smith): Thank you. I just wanted to make sure that we had what your definition was of revenue neutrality. Thank you very much.

Mr. Tom Rand: Thank you very much.

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LABOUR EDUCATION CENTRE

The Chair (Mr. Dave Smith): Next up, then, we have the Labour Education Centre, Toronto and York Region Labour Council.

Mr. Steve Shallhorn: I'd like to thank the committee for the opportunity to—

The Chair (Mr. Dave Smith): If you could introduce yourself first, please.

Mr. Steve Shallhorn: Sure. My name is Steve Shallhorn. I'm the executive director of the Labour Education Centre, a project of the Toronto and York Region Labour Council.

The Labour Education Centre and the Toronto and York Region Labour Council support the shift to a low-carbon economy as soon as possible. Indeed, we believe we have no choice. Last month, we were reminded by the UN Secretary-General that we have until 2020—just two years—to avoid runaway climate change.

We've heard, just in the last week, the Intergovernmental Panel on Climate Change reporting to the UN, warning that the goal of keeping to within two degrees centigrade will not be sufficient to avoid catastrophic climate change. We believe it's important to note that the UNFCCC is a very conservative body, as is the Intergovernmental Panel on Climate Change. Every government has to sign off on those warnings and those recommendations, so it is the trailing edge of scientific knowledge, not the leading edge of scientific knowledge.

The brief outlines some of the effects of climate change that are already here and that are being projected locally. The point is, I think, that anthropogenic climate change—that is, climate change that is caused by humans—is not something of the future. It is with us now.

We have all benefited from the burning of fossil fuels, but we now know that an unintended consequence of the burning of those fuels puts us all at risk.

Ontario should enact a climate change accountability act that legislates its greenhouse gas emission targets and, most importantly, the ways and means to meet those targets. This will involve significant changes to the types of buildings built, vehicles manufactured and driven, industrial processes used, and many other things and many other changes.

This act would be similar to what Ontario's Environmental Commissioner recommended in the 2018 Greenhouse Gas Progress Report, which called on the government to “create a climate change law that drives down emissions while funding sensible solutions. A meaningful climate law needs” to include “science-based emissions budgets, a legal obligation to stay within these budgets, and credible, transparent progress reporting.”

Taking into account the emerging crisis and the recent warnings from the UN, the previous current targets—Ontario's targets—which are consistent with Canada's internationally agreed targets—will have to be made tougher. However, stronger targets need to be agreed to

and implemented at the international level. This will require strong, all-party leadership in Canada, and strong international co-operation. Ontarians will support climate action as long as other jurisdictions are doing the same. Therefore, in the very short term, we would recommend to maintain the current targets while working with the federal government and the international community to raise those targets as needed. We list what those targets are.

I think it's necessary to point out a development that happened last week, which is that governments may be on the hook if they react too slowly to greenhouse gas changes. A Dutch court in The Hague upheld an earlier 2015 court order on the Dutch government to accelerate emission cuts of 25% of 1990 levels by 2020, up from planned levels of a 17% cut. There may be some peculiarities to Dutch law that make it easier for the court to make those types of decisions, but we shouldn't expect ourselves to be immune. The targets that we have in Canada, in a similar judgment, would be struck down.

There are many ways to reach reduction goals. A cap-and-trade system, a carbon tax, and a fee-and-dividend system are three different strategies that can be used. My experience, having seen the cap-and-trade system in Australia and watched what's happening in Canada, is that each of these mechanisms can be calibrated in seemingly endless ways. They all function by raising the cost of burning fuel and other GHG-emission processes and are something that we need to implement in Ontario.

A climate change accountability act should contain the following:

It should contain a strong building code. We believe net-zero for new buildings by 2030 is achievable and is necessary. Enacting high-performance building codes with programs to financially encourage retrofits in private, commercial, institutional and industrial buildings, including increased funding for public housing, will help us reach this goal. All of these measures create jobs and, when combined with youth training programs and community benefit agreements, especially around infrastructure projects, bring good jobs to communities that need them.

I think the world is moving towards electric vehicles. Most vehicle manufacturers, including ones that have plants in Ontario, have announced plans to radically change the balance of vehicles manufactured to electric vehicles in the next five to seven years. Market forces are bringing us very quickly to electric vehicles. They don't use a transmission, have fewer moving parts, don't emit pollutants and are quieter, and it's possible and indeed manufacturers have produced big rigs with up to 1,000 horsepower, more powerful than most rigs currently on the road.

I think the challenge for Ontario workers and communities and the Ontario government is to make sure that Canadian auto plants build these new generation vehicles. Currently the Dodge Pacifica van is the only hybrid vehicle assembled in Canada, in Windsor. A major effort by workers and their unions, communities and governments to work with the Detroit Three manufacturers to

ensure electric vehicles are assembled in Canada is going to be needed, and we need to do that now.

I think a milestone that has to be reached is that we have to stop the burning of fossil fuels to generate electricity. In Ontario, we have some advantages there. A large amount of our electricity is in relatively clean technology, and we phased out coal by 2014. So that gives us a couple of steps in the direction of not burning fossil fuels for electricity. I think, by about 2050, we're probably not going to be burning fossil fuels in any capacity.

I want to point to a couple of roles—where workers can play unique roles. Workers offer a strategic entry point for building relationships for accelerating action on climate change. Workers have a distinct role to play in reducing greenhouse gas emissions in their workplaces. The Labour Education Center has begun to work with both labour unions and management to identify greenhouse gases emissions and work co-operatively to eliminate them.

We initiated the Leveraging Workers' Knowledge project to use workers' expert knowledge of workplaces and work processes and link that with the expertise, broader knowledge and decision-making authority of management to reduce greenhouse gas emissions. We started in three sectors: in the Toronto District School Board, at the University of Toronto and in the film industry in Ontario. The project was originally funded by money from the cap-and-trade program, and that funding has now been eliminated. We have worked to find other funding sources and rearrange our own resources to keep that going, especially at the Toronto District School Board, which has 682 schools in the city of Toronto alone, a huge building stock. That, of course, is replicated on a scale across Ontario.

It is anticipated that collaboration will result in identification of many feasible approaches, including innovations, for workplace changes that reduce greenhouse gas emissions, saving money in many cases. The concept is designed to build organizational momentum in a framework of continuous improvement.

A climate change accountability act—

The Chair (Mr. Dave Smith): You have 30 seconds left.

Mr. Steve Shallhorn: —should contain provisions making workplace environmental committees mandatory for workplaces over a certain size, either measured by employees or by energy use. These workplaces should also include a workplace environmental rep, a worker designated to work to reduce greenhouse gas emissions in the workplace.

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A climate change accountability act should also make funds available for school boards, hospitals, universities and municipalities.

Finally, a climate change accountability act should include provisions for a just transition. These are cases where—

The Chair (Mr. Dave Smith): Thank you. We've come to the end of the 10 minutes.

From the Progressive Conservatives, Ms. Kusendova.

Ms. Natalia Kusendova: Thank you kindly for your presentation. I just wanted to comment briefly on what was stated about the BC revenue-neutral carbon tax, which in fact is reported to be another cash grab for the government. No carbon tax is truly revenue-neutral. There are those that pay the price and those that benefit. Canada and the rest of the world looked at the BC model, but we found that the BC government was actually subsidizing the program with taxpayer money to make it revenue-neutral.

My question directed to you is that we have seen proof time and time again that a cap-and-trade program is a job-killing, regressive tax that does little for the environment, takes precious taxpayer dollars out of our economy, and sends money to California and Quebec. We have seen thousands of jobs leave Ontario in recent years because we simply have become uncompetitive in relation to other markets. The cap-and-trade program was never designed for educational programs. It was designed to reduce greenhouse gas emissions. However, the Auditor General, Bonnie Lysyk, stated in 2016 that cap-and-trade will not significantly lower emissions within the province by 2022. She also stated that it is likely that less than 20% of reductions required to meet the province's 2022 targets will be achieved in Ontario. Hence, it defeats the purpose for which it was created.

Would you not agree that the monies that are being taken out of our economy could be better spent to fund educational programs right here in Ontario, empowering the next generation and raising awareness about preserving and protecting our environment?

Mr. Steve Shallhorn: Thank you for your speech. I don't agree with your analysis and I don't agree that a cap-and-trade program or a carbon tax or a dividend program is job-killing. I think the previous speaker outlined some of the advantages that Ontario has as we move forward in the new economy. Our economy can't afford to stay still. As I pointed out, the nature of vehicles being manufactured is changing, along with just about everything else we do. We always need to be moving forward to ensure that we have a high-tech sector here in Ontario that's thriving and moving forward.

Ms. Natalia Kusendova: Thank you. I just like to have my thoughts written out.

You represent over 200,000 workers across local unions in Ontario.

Mr. Steve Shallhorn: In Toronto—

Ms. Natalia Kusendova: In Toronto.

Mr. Steve Shallhorn: —and region.

Ms. Natalia Kusendova: I apologize. These are hard-working people of Ontario, hard-working families that struggle to make ends meet. My question is, did you consult your workers before taking your position on this issue, and how did they feel about the fact that they're losing \$260 out of their pocketbook annually, in addition to the money they lose at the pumps because of the high fuel prices?

Mr. Steve Shallhorn: As I said in my presentation, I think you can tweak a cap-and-trade program. In fact, that's going to be necessary. I don't think a fuel tax is

necessarily the best way to go. I think that any of these revenue-generating systems can and should be tweaked.

Ms. Natalia Kusendova: Did you consult with your workers before you took this position?

Mr. Steve Shallhorn: We have consulted through our monthly delegates' meetings, yes.

Ms. Natalia Kusendova: And how did they feel about the fact that \$260 are being taken out from their pocketbook?

Mr. Steve Shallhorn: That's an across-the-board estimate. It depends on individual circumstances. If people aren't driving, then it's—

The Chair (Mr. Dave Smith): Thank you very much. Mr. Arthur?

Mr. Ian Arthur: Thank you very much for your presentation. It was very good.

Can you comment on this revenue neutrality that we're talking about of a potential program that's come up a couple of times? It's been stated that it necessarily takes out \$260 from every Ontarian and there are some administrative costs associated with that. But would it not be feasible for those who can most afford it to bear the administrative burden of that in order to make sure that these everyday Ontarians, these pocketbook Ontarians we keep hearing about, do experience revenue neutrality within the carbon tax system?

Mr. Steve Shallhorn: I think it's possible. But in reference to the previous questioner, we live in a complex economy, and there are many mechanisms that governments and society can use to adjust income. One is to raise wages and to raise the minimum wage to \$15. That's certainly something that our members would support. Tweaks to the income tax are other ways to shift the burden to those who have a higher income and can afford to make a higher contribution to fight climate change or to provide the services that we all rely upon.

Mr. Ian Arthur: Thank you.

The Chair (Mr. Dave Smith): Ms. Bell?

Ms. Jessica Bell: Thank you. The Labour Education Centre and the labour council represent—is it over 100,000? How many workers does it represent?

Mr. Steve Shallhorn: About 200,000.

Ms. Jessica Bell: About 200,000. And it's a democratically elected body of leaders, correct?

Mr. Steve Shallhorn: Correct.

Ms. Jessica Bell: Right. Can you just explain a little bit more about how moving and being a leader on transitioning to a low-carbon economy could be a jobs creator?

Mr. Steve Shallhorn: There are many sectors that I think the previous speaker outlined. One of them that I think is crucial is energy storage. The technology that still needs to be developed in Ontario and globally is the ability to store renewable energy. I think that is the technological breakthrough that is going to be necessary for us not only to make these existing targets, but as I said, I believe the targets are going to have to be made more stringent if we are to keep temperatures below 1.5 degrees centigrade.

I think the types of investment that are needed are in energy storage, but also in just relatively frequent-use

technologies such as buildings—the building of homes, commercial and industrial buildings—and making sure that we have the skills for Ontario workers to install those new technologies.

Ms. Jessica Bell: Thank you.

The Chair (Mr. Dave Smith): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Shallhorn, thanks for the presentation. You talked about a just transition being a necessary part of this climate plan that's proposed in the bill. Can you talk about examples of jurisdictions that have engaged in investment in a just transition, and how it has worked?

Mr. Steve Shallhorn: One of the case studies we've looked at is ongoing in Alberta, which is phasing out its coal industry and has put in a number of mechanisms to assist workers and communities, especially smaller communities, where a coal generating station and a coal mine are large employers.

We coined the phrase “the five R's” in a just transition, which are: re-employment, retraining, relocation, retirement and redundancy payments.

The Chair (Mr. Dave Smith): I'm sorry, but we've come to the end of the time for that. Mr. Schreiner.

Mr. Mike Schreiner: Thank you so much for your presentation. I really appreciated it. One of the things that impressed me was, you were one of the first presenters to highlight the importance of buildings and net-zero buildings. I know there are numerous studies showing that for every dollar invested in building retrofits, you can create seven times more jobs than from the same dollar invested in the oil and gas sector.

As somebody who represents so many workers in the city, can you talk a bit about the job-creating opportunities in investing in building retrofits, and how that can potentially help homeowners and businesses save money by saving energy?

Mr. Steve Shallhorn: The construction industry in Toronto and York region is one of the largest. It's also one of the ways for diverse communities to be trained into high-paying jobs.

The need to retrofit our current stock of buildings is also a big jobs creator. A mechanism such as the Toronto Community Benefits Network, to leverage jobs off of infrastructure investment, is a successful mechanism being used around the Eglinton Crosstown line, and is starting to be used in other infrastructure projects in Toronto and in other parts of Ontario.

The construction industry is a high-wage and a high-employment sector. Anything we can do to deploy that sector to reduce greenhouse gases is something that is going to benefit everyone.

Mr. Mike Schreiner: Thanks, I appreciate that. I have no further questions. I'm going to have to get to the floor to speak.

The Chair (Mr. Dave Smith): Thank you very much. We've come to the end, then. We will recess until 3 o'clock today.

The committee recessed from 1000 to 1500.

The Chair (Mr. Dave Smith): Thank you very much for coming back. It is 3 o'clock now, so we will start the committee proceedings. For those who haven't been here yet, I will ask for each of the groups to come up. Once you come up, please introduce yourselves. Your 10 minutes will start as soon as you start to introduce yourself.

CANADIANS FOR CLEAN PROSPERITY

The Chair (Mr. Dave Smith): Canadians for Clean Prosperity, could you come up to the table, please?

Mr. Mark Cameron: Hi there. My name is Mark Cameron. I'm the executive director of Canadians for Clean Prosperity.

Clean Prosperity is a not-for-profit environmental organization that promotes market-based solutions to environmental problems in ways that will both protect and improve the environment and strengthen the Canadian economy. Over the past few years, we've been very active on the issue of carbon pricing, not only here in Ontario but in Alberta, Manitoba and at the federal level as well.

I've appeared twice before legislative committees, talking about cap-and-trade and the previous legislation, and both times I was quite critical. There were many things about the cap-and-trade regime that Clean Prosperity did not like. We didn't like the fact that the revenues that were raised from cap-and-trade were being spent entirely on the Greenhouse Gas Reduction Fund rather than being returned to taxpayers or at least protecting those in lower- and middle-income groups.

We were quite critical of the trading element, particularly with California, because in our view, California had created an artificial surplus of allowances, which was essentially keeping the price low in Ontario and Quebec and leading to a large outflow of capital from Ontario and Quebec to California, which we thought was, for one thing, detrimental to the economy here, and actually led to less mitigation occurring in Ontario and Quebec. In fact, I think the government's own analysis showed that only about three megatonnes would be reduced from within Ontario. Most of the reductions that would occur would occur by buying allowances from California.

However, we did recognize that the previous cap-and-trade system at least represented a meaningful step in putting a price on carbon in Ontario. In our view—and it's pretty much unanimous among economists and others who study the field—putting a price on carbon, whether it's through a carbon tax or cap-and-trade, is the single most important, effective and least-cost means of reducing carbon emissions. There are many things you can do with regulation, and there are many things you can do with subsidies, but by far the least-cost and most effective market-based approach is to put a price on carbon. That's why we at least supported cap-and-trade as a first step, although not necessarily the best alternative.

Thus, we were disappointed that, in the government's decision to eliminate cap-and-trade, it missed the opportunity to replace cap-and-trade with something better, such as a revenue-neutral carbon tax system which would return

all carbon revenues back to citizens and businesses as tax reductions.

Instead, the government chose to eliminate carbon pricing altogether, promising a new climate plan with unspecified targets at an unspecified date.

We want to address three major concerns that we have with Bill 4 as it currently stands: first, the treatment of large industrial emitters in the transition away from cap-and-trade; second, the use of revenues from carbon pricing; and third, the lack of targets to replace Ontario's current 2030 emissions reduction target.

The new government has been quite strong in saying that it does not want to burden the average citizen; it wants to go after the big polluters. Premier Ford said during the election campaign, "The polluters, any companies that decide to pollute, we're going to come down heavy on them, we're going to come down really heavy on them."

Rod Phillips, in an interview a few weeks ago, said, "We are focusing on the polluters, in terms of people producing the most emissions, not on individual families and people." So the government has clearly said that it intends to place the burden on the large emitters, on polluters.

That leads to my first concern. The existing cap-and-trade system essentially had two parts. There was a direct, effective carbon tax on gasoline, fossil fuel emissions and home heating that was essentially passed through from fuel distributors and natural gas companies to the consumer, which more or less functioned as a carbon tax and did put a burden on families; there's no question about that. But the other part of the system, the cap-and-trade system, for large final emitters was essentially putting a price on those large polluters.

The government, I know, has talked about the Saskatchewan model and other models, but these models are very similar to the cap-and-trade regime that was in place for those large emitters. If anything, we thought the previous regime was too generous to the large emitters by setting the free allowances level too high in the initial years. So, the government has essentially taken the burden off of those large emitters and gone to nothing, which strikes us as problematic.

To make matters worse, in the transition, the government has said they're only going to refund allowances that were purchased for the period from 2017 to June 2018. So any companies that bought more allowances for future commitment periods are out of pocket, and any companies that didn't buy enough allowances to cover their emissions from January 2017 to June 2018 get a windfall. Essentially, the government is rewarding those who didn't pay and punishing those who actually purchased additional allowances to prepare for the cap-and-trade market in the future. This, to us, was a missed opportunity. If the government is going to compensate, I think they should at least be compensating those who went the extra mile and not rewarding those who in fact didn't even fulfill their obligations under the previous system. Furthermore, almost all of the companies that are in the current cap-and-trade system are now going to have to move over to the federal backstop

output-based pricing system, so there's a huge administrative burden required in doing that. To me, it would have made more sense either to keep that part of the system in place and perhaps change it from an auction system to simply buying credits at a fixed dollar amount, or to allow a transition for those companies moving to the federal system. That strikes me as disruptive for Ontario businesses.

My second concern—and really, the biggest concern that we have with Bill 4—is a missed opportunity for Ontario to take carbon revenues, which are going to be raised in some way, shape or form anyway, and use them for the good of the people of Ontario. The previous Progressive Conservative leader had committed to adopting the federal backstop pricing system and using that money for tax reductions. The plan was to reduce the two lower income tax rates by 22.5% and 10%, to reduce the small business inclusion rate by 1%, and to provide tax credits to low-income Ontarians through the Ontario sales tax credit. This, to me, was a great use of carbon tax revenues, to reduce distorting taxes for business and consumers and average households. Instead, the government said, "We're not going to touch it," knowing full well that the federal government will step in, will impose the backstop, and that money, which will be \$2 billion next year, rising to \$5 billion by year four—that decision is now in the hands of the federal government. It's our hope that the federal government will in fact send that money to consumers, that they will return that money to households.

We did an analysis with Dave Sawyer of Enviro-Economics. He is a well-respected environmental economist. He did a lot of the analysis for the previous cap-and-trade system, which showed that—and actually, this was to our surprise. We thought that it would help the lower- and middle-income families but that upper-income families would still end up paying more. But, to our surprise, under this system, almost every Ontario family at every income bracket would end up getting more money back than they would pay under the federal carbon tax backstop. The same thing would have happened if this system had been applied by the province of Ontario.

So there was absolutely a way that the provincial government could have reduced the impact on consumers and could have made sure that lower- and middle-income families in fact ended up with more money in their pocket, at the end of the day, after paying the carbon tax. I'd be happy to go into that further on. But from our point of view, that was a missed opportunity for the Ontario government to make those decisions—whether they wanted to reduce small business taxes, whether they wanted to reduce income taxes, or if they wanted to give dividends or credits to people.

The Chair (Mr. Dave Smith): Thirty seconds.

Mr. Mark Cameron: Finally, I just want to address the question of targets. The bill eliminates the previous targets, which we thought, frankly, were artificially high. A 37% reduction by 2030, in our view, was unattainable since Ontario essentially had a de-carbonized electricity system already. It really was relying on the importation of

allowances from California to meet that target. We didn't think that was a realistic target—

The Chair (Mr. Dave Smith): Thank you very much.

Mr. Mark Cameron: Thanks.

The Chair (Mr. Dave Smith): Mr. Tabuns.

Mr. Peter Tabuns: Thank you for the presentation. I appreciated it.

When we talk about greenhouse gas reduction targets, what target do you think would make sense for 2020 and 2030?

Mr. Mark Cameron: In my view, the target should be consistent with the national target of a 30% reduction from 2005 levels by 2030. I think that would be an appropriate 2030 target for Ontario. As for a 2018 to 2022 target, I think they should attempt to at least achieve the reductions that would have been achieved under the federal backstop, which would be about a six-megatonne reduction by 2022.

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Mr. Peter Tabuns: As I understand it, the targets that were set up by the federal government fall far short of what we actually need to do in terms of meeting our Paris commitments, let alone avoiding catastrophic climate change. How do you see bridging the gap between those two very different numbers that we're hearing about today?

Mr. Mark Cameron: There are some things that I would question whether we can actually get there. But the federal as a whole gets us about three quarters of the way to the 2030 target. Carbon pricing probably achieves 100 to 150 megatonnes of reduction, particularly if carbon pricing continues to go up past \$50 and continues to go up by \$10 or 5%, or something like that, per year.

Carbon pricing is the foundation of an emissions reduction strategy. We have to do more, but we're not going to get there if we don't do carbon pricing. Frankly, I would rather focus on how we achieve a 30% reduction target rather than argue about even higher targets that are unrealistic.

Mr. Peter Tabuns: Beyond carbon pricing, what are the substantial steps that we should be taking as a provincial government to reduce our emissions?

Mr. Mark Cameron: I think some of the obvious things are things like building code standards—net-zero buildings by 2030 or sooner; or fuel economy standards—requiring a certain percentage of biogas in the natural gas system. There are a number of things that the government could do, but I would caution that with any of those regulatory things that the government does, they should make sure they work in concert with carbon pricing, because sometimes you can end up with situations where the regulatory system ends up not reinforcing the carbon price. You want the carbon price and the regulation to work together.

Mr. Peter Tabuns: In the steps that you suggested Ontario take—and they're not bad steps—I didn't hear anything about direct investment in energy efficiency of conservation. Is that not part of your understanding of what we have to have in place?

Mr. Mark Cameron: I think some of that has to happen. Some of that was happening through conservation programs paid for out of the electricity system. But in my view, the carbon price should be the main way of achieving reductions. In order for that to be politically acceptable, economically acceptable and socially acceptable, we have to make sure that taxpayers are no worse off. From my view, that's the first and most important priority: making sure that households aren't punished for implementing a carbon price.

Mr. Peter Tabuns: Do you see carbon pricing as a market-driven and, I would say, emblematic of Conservative thinking kind of program?

Mr. Mark Cameron: Absolutely. That's why I've supported this for many years and it's why both treasury secretaries and chief economists to Ronald Reagan and George W. Bush were avid supporters of carbon pricing, as are Arthur Laffer, who invented the Laffer curve, and Milton Friedman. The whole panoply of Conservative free-market economists up until about two or three years ago were unanimous that carbon pricing was the way to go and carbon tax was the best form.

The Chair (Mr. Dave Smith): Thank you very much. Mr. Schreiner?

Mr. Mike Schreiner: Thank you for your presentation.

Let me just get this right. I'm digging into your numbers here. The government keeps saying that a carbon price is regressive. But according to your numbers, in 2020, for example, if we do a revenue-neutral carbon price and return all the revenue back to people, low-income individuals will actually end up with \$295, which is more than the \$265 they would save cancelling cap-and-trade. But even bigger than that is that low-income families would have \$412 in their pocket versus the \$265 from cap-and-trade. If I'm reading this correctly, revenue neutrality would actually mean people would have more money in their pocket than just getting rid of cap-and-trade.

Mr. Mark Cameron: Yes. This approach is, essentially, taking the federal government at its word that they would send all the revenue back to households. If they did that, almost all households would benefit, and the lowest-income households would benefit the most. As you say, for a single-parent family, it could be \$412 a year. These are averages, so the more you conserve, the more you'll make, and the more you use, the less you'll make. But the fact is that almost all families are going to be better off under that system.

Now, there is a transfer from some of the industrial revenues that end up going to households. There is money flowing through the system, which is why you end up with households getting more money back than they pay out. But the fact is, if the federal government did what they've talked about, almost every household is going to end up ahead of the game.

Mr. Mike Schreiner: Is this regressive or progressive taxation, then?

Mr. Mark Cameron: It's progressive, because the effect of giving a new equal per-capita dividend—those dividends mean more to a lower-income family that

spends a higher percentage of its income on energy costs than an upper-income family.

Mr. Mike Schreiner: I know you have a conservative perspective on this, do you think carbon pricing is job-killing?

Mr. Mark Cameron: No.

The Chair (Mr. Dave Smith): Thank you. Ms. Khanjin?

Ms. Andrea Khanjin: Thank you. I was reading over your report and I noticed one of your quotes on—the report's one page and the summary is page 2. But in the report released on September 21 by your organization, it stated that “most households would receive more money in the form of carbon” tax dividends “than they would pay in carbon taxes...”

As you mentioned in your report, as well as in your opening remarks, large-emitter companies are in a trade sensitive sector, right? It's noted here as well. Their payments would largely be refunded, as you say.

So, I guess my question would be: If households and large emitting companies are getting a refund—and they're getting their refund cheques—then who is really picking up that tab? Because here it says that either it's the large emitters or companies, and that households won't be impacted. So who's making up that portion?

Mr. Mark Cameron: As I say, this is a theoretical model where we say, “If all of the money goes to households, this is what would happen.” The difference comes from those people who are not getting those large-emitter rebates. So, banks, auto dealerships and people like that, they would be paying carbon taxes for their fleet vehicles and things like that, and the heating of their buildings. Under this system, they wouldn't get a refund. The MUSH sector would be paying and it wouldn't be getting a refund.

I'm not saying that those things shouldn't be addressed. The Ontario government tomorrow could say, “We're going to sign on to the federal backstop and we're going to cut taxes for business.” I'm just saying that if government sent all the money to households this would be the net result.

Ms. Andrea Khanjin: So you're taxing on one end and you're getting rid of a tax on the other end?

Mr. Mark Cameron: It's a revenue-neutral system, so obviously one tax goes up and one tax goes down. That's what a revenue-neutral system is.

Ms. Andrea Khanjin: They tried this in BC and it's proving not to be so revenue-neutral, and the kickback is not going back to everyone, as the saying goes.

Mr. Mark Cameron: No, actually, in BC the system was revenue-negative. In other words, people got more money back than they paid in carbon taxes.

Ms. Andrea Khanjin: Would you say then that the impacts of cap-and-trade and the impact it would have on manufacturing and small businesses, who are the backbone of our economy—they're already burdened with high electricity rates, some of the labour changes and increasing competition from across the border. Going over some of your facts and figures here, because of the increased competition we have over our border, do you think another

tax is going to be helping the working class and the small businesses in Ontario? Is it helpful to have another tax?

Mr. Mark Cameron: This is going to be helping the working class because they would get more money back than they paid out.

The question on small business is a real question. I would say that if you're concerned about that, then you should implement the federal backstop yourselves and cut small business taxes, as Patrick Brown was going to do.

Ms. Andrea Khanjin: We're talking about two different policies. How would putting an extra tax on our small businesses be helping our small businesses if they're going to be paying double now?

Mr. Mark Cameron: They're already paying carbon pricing under cap-and-trade, and they knew full well that they would be paying a carbon price under the federal backstop if the Ontario government didn't have a system. The Ontario government is basically foregoing the opportunity to cut taxes for small business and letting Ottawa make that decision.

Ms. Andrea Khanjin: My colleague was making a really good point earlier today. I think she wants to ask you the same question.

The Chair (Mr. Dave Smith): Ms. Kusendova?

Ms. Natalia Kusendova: When it comes to the federal carbon tax—we just talked about the carbon dividend model. So every household in Ontario would get a refund, as well large corporations, but who would be left out of that equation? Who would not be getting the refund?

Mr. Mark Cameron: As I said, the refunds would, in this case, go entirely to households. Large emitters would—

The Chair (Mr. Dave Smith): Thank you.

Ms. Natalia Kusendova: So it's the small businesses.

The Chair (Mr. Dave Smith): That's the end of the time that we have for the presentation. Thank you very much.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Mr. Dave Smith): Next up, we have the Ontario Federation of Agriculture. If you could introduce yourselves. Your 10 minutes start as soon as you introduce yourself.

Mr. Keith Currie: Thank you, Mr. Chair. My name is Keith Currie, for those of you who don't know me. I'm president of the Ontario Federation of Agriculture. With me today is our lead on the climate change and carbon pricing file, Mr. Peter Sykanda.

On behalf of the 38,000 farm families that we represent, I would like to thank you for the opportunity to address the committee regarding Bill 4, the Cap and Trade Cancellation Act.

First of all, OFA believes there's a very real and long-term threat to agricultural sustainability in Ontario as a result of global climate change. As a sector of the economy dependent on stable and predictable climate and weather patterns, the high variability in temperature and water regimes created by climate change presents a significant risk to farming in this province and cannot be ignored.

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In responding to this risk, OFA would like to see policies, programs and research initiatives developed collaboratively with the government as well as with academia and society that will enable farmers to adapt the potential effects of climate change that will support further efficiencies and reduce greenhouse gases.

At this point, the OFA supports the repeal of the Climate Change Mitigation and Low-Carbon Economy Act, 2016, as we do not feel this legislation reflects the interests of our members or understands the realities of growing crops or raising animals. If the intended goal of putting a price on carbon pollution is to encourage emitters to reduce the amount of greenhouse gases they emit, it is ultimately ineffective when applied to agricultural production. For the most part, fossil fuel use in the production of agricultural commodities is price-inelastic, meaning that the demand for energy does not decrease with an increase in price. We still need to use large equipment to plant, tend and harvest our crops and to provide heat for livestock and greenhouses and to dry our grains. This is compounded by the fact that there are little to no substitution options for our farmers to substantially decrease their fuel use.

Furthermore, given the highly competitive global nature of agriculture products, carbon pricing represents an unrecoverable legislated increase in the cost of production that hurts our competitiveness and ultimately threatens our ability to provide the local food products that Ontarians want. Also, given that the agriculture sector in Ontario is roughly 6% of the overall emissions, placing a levy or tax is punitive against those who have the least capacity to do anything about it. We don't do that with income tax, so why would we do it here?

We are not suggesting that Ontario take no action on climate change. It is simply that, as it relates to farms and farmers, we would prefer a different approach. We believe that an effective approach for achieving further greenhouse gas reductions in the agricultural sector is to focus on incentivizing the adoption of beneficial management practices, investing in the adaptation of precision agricultural technologies and multiple farm scales, and developing programs that recognize the environmental and ecological co-benefits provided by farming activities.

There are a number of beneficial management practices such as the matching of fertilizer applications to crop needs. We call this the 4R program: the right source, the right rate, the right time and the right place. Cover cropping systems and conservation tillage show promise to reduce greenhouse gases and/or increase levels of carbon stored in soils. Precision agricultural technologies and the use of data in farm production provides a pathway for increasing potential greenhouse gas reductions. Precision ag has the potential to amplify the effectiveness of many beneficial management practices by moving more insight into field management and boosting the efficiencies of farm inputs.

Moving forward, we strongly recommend that the government continue funding the implementation of the Ontario agricultural soil and conservation strategy. Properly implemented, we believe the soil strategy can pay

substantial dividends for Ontario farmers by increasing their knowledge and understanding of soil carbon management, strengthening the resiliency of farming to the potential impacts of climate change, and possibly boosting farmers' efficiency and bottom line.

OFA supports setting realistic targets for greenhouse gas reduction with realistic timelines for success. As effective managers of the carbon and nitrogen cycles, farmers are in a unique position to be part of the solution to climate change and provide further greenhouse gas mitigation opportunities. Considering the knowledge and expertise that farmers bring to the table and the positive impact we can have on a response to climate change, we recommend that the Ontario agricultural sector be given a significant opportunity to contribute to the development of a provincial climate change plan.

We appreciate the opportunity to comment on Bill 4 and we thank the committee members for their time. I look forward to any questions you may have.

The Chair (Mr. Dave Smith): We will start with the Green Party: Mr. Schreiner.

Mr. Mike Schreiner: Thanks for being here today. It's always good to hear from you.

I'm curious. There are some programs out there like the ALUS program and others that reward farmers and provide them with incentives for carbon storage and carbon sequestration. Would you be supportive of programs like that to reward and incentivize farmers to tackle climate change?

Mr. Keith Currie: Absolutely. The ALUS program is a good program. It's a very good tool in the tool box, but it is also about setting aside land out of production, more or less. For mainstream agriculture production, ALUS doesn't fit that need of supporting the climate change reduction, adaptation and mitigation that we do in our normal farm practices. But, yes, it certainly is a very good tool, and we would support other initiatives like that.

Mr. Mike Schreiner: The farm sector, almost more than any other, is really trade-exposed, I would say, when it comes to carbon pricing. Would you be supportive of tools like carbon tariffs or carbon credits in the farm sector to help level the playing field and reduce that trade exposure with carbon pricing?

Mr. Keith Currie: I guess it would depend on how it looks. We went through a long battle with the previous government on offsets and how they were going to look, and pricing, and that never really came together. There was no value in it for us at all.

We grow plants. Whether we feed livestock or grow crops, we grow plants and we sequester carbon. Everything that we do has an environmental aspect to it, and part of that environmental aspect is also carbon sequestration.

Mr. Mike Schreiner: My time is probably almost up, but if you could just explain a little bit how climate change is affecting farmers.

Mr. Keith Currie: We're certainly seeing the effects of severe weather swings. Heavy rains and/or drought have been basically changing the soil landscape that we're working on. So we've had to change our techniques and

our practices to adapt to maintain soil structure, to make sure the soil stays in place—to make sure that we can still grow a crop and make some money as well. We've been adapting that way to make—

The Chair (Mr. Dave Smith): Thank you, Mr. Kramp.

Mr. Daryl Kramp: Welcome, gentlemen. I come from a rather diversified agriculture community, and I've had a number of dealings with the OFA for many, many years. I can assure you that your input here today is very, very welcome.

I can honestly say that I've never met a producer who's not environmentally responsible. After all, the farmers are the stewards of the land, and it is in their interest to look after the land. They'd probably take a better interest than anyone around this table. But the reality is, they're subject to a tremendous amount of cost, whether it's energy, fuel or fertilizers. As has been mentioned, these are fixed costs in many, many cases, not subject to an up-and-down rotation. You have to bear these and you have to pay whatever the market price is, so if the market price gets out of hand, of course, it's really, really highly problematic for you.

If you can't compete, you don't survive. One of the bugaboos I've always held in my life is that we should have food sovereignty. If we lose the ability to feed ourselves as a nation, then we really have some serious, serious problems. Your industry has to be promoted and protected. Every tool that we have in our tool box should be available to you. That's one of the reasons that I welcome you here today.

I noticed your position that copying the California system for offsets isn't really going to achieve the results that benefit your industry and maybe Canadians. A question on that issue: Why do you believe, personally and organizationally, that the California system will not get the results that we need for us here in Ontario?

Mr. Keith Currie: I'm going to turn this over to my colleague, but just before I do, I want to thank you for your opening comments. I want to assure you that our members are not opposed to being good citizens and doing their part, either. We're not looking for handouts or getting off scot-free. We do want to do our part and protect the environment, as you mentioned. I appreciate your comments, so I just wanted to make that point very clear as well.

Maybe, Peter, if you want to handle the second part of the question?

Mr. Peter Sykanda: Certainly. You answered a lot of it already.

Yes, when we looked at the California model for offsets, the rules that were put in place by the WCI seemed overly complex and onerous for a small-scale producer to be interested in, especially given what the return might have been at the time. When we looked at those rules, we really wanted a made-in-Ontario solution, and unfortunately it didn't arise. It was not something that I think your concession farmer would be interested in participating in.

Mr. Daryl Kramp: Could you give me any—round off some figures if you wish, or percentages. How has cap-and-trade affected your industry?

Mr. Keith Currie: The biggest obvious effect has been the levies on farm fuels—diesel and natural gas in particular. Some of our greenhouses saw their heating bills doubled overnight once the levy came into effect. The problem for us is, we're being as efficient as we can now. We can't reduce the amount of fuel we use. We've tried. There's not the technology yet for electric vehicles in agriculture, for example, so we can't do that. But certainly the fuels part has been the biggest thing that we've seen right off the bat.

Mr. Daryl Kramp: But we're here to look for solutions; that's part of this committee. Moving forward, we are obviously in the preparation of a plan to move forward for environmental improvements. There's no doubt about that. So we would certainly welcome the suggestions and/or advice or counsel that you might provide to this committee for ways to deal with the obvious challenges we have with the climate movement. Can you—

The Chair (Mr. Dave Smith): Thank you, Mr. Kramp. Mr. Tabuns.

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Mr. Peter Tabuns: Yes, thank you very much, Chair.

Thank you both for coming in today. Much appreciated. A few questions: Because you're talking about the costs of adaptation and the costs of climate change damage to agriculture, have you seen studies or have you done studies showing what the cost of adaptation will be for the ag industry in Ontario?

Mr. Peter Sykanda: Yes. There have been some great recent studies out of the University of Guelph that have been looking at the cost of implementing some of the best management practices that do have or suggest a greenhouse gas reduction. We would absolutely look forward to welcoming further research into that and how we can continue to further implement best management practices that do have a greenhouse gas reduction.

Exactly a dollar figure? I don't have that at this point. Every farm in Ontario is different and will require a tailored and different approach. That's part of what we would like to see more effort in, the adaptation of best management practices and any precision agricultural technologies that can allow that greater efficiency in greenhouse gas reduction.

Mr. Peter Tabuns: Although I think it's a really good idea that best management practices be studied and that knowledge of them be spread around the province, has anyone done a study of what it's going to cost agriculture in Ontario to adapt to an ever warmer and drier climate?

Mr. Keith Currie: Not to my knowledge. Not to our knowledge. There are a lot of pieces to that. While our climate is changing and warming, it's meant we have had to adapt how we grow certain crops, but it has also allowed for the increase in producing new crops as well, because of the climate. The bigger aspect we've had to adapt to is, for example, severe rains and severe storms and how we protect the soil, in particular, from those events.

Mr. Peter Tabuns: Has anyone done a study on the cost today of damage from climate change to the ag sector in Ontario?

Mr. Keith Currie: I don't believe so. Not to my knowledge.

Mr. Peter Sykanda: I mean, even right now, it's difficult to say that this one event was climate-change related. We've heard suggestions that the hurricanes are more intense as a result of climate change. But an "if this, then that" sort of approach to climate change, we haven't seen that.

Mr. Peter Tabuns: Okay. When you were talking about incentivizing farmers and agricultural operations to reduce their emissions, without the cap-and-trade system, I don't quite see where the funds would come from to do that. Do you have a suggestion as to where they would come from?

Mr. Peter Sykanda: Well, I mean, there's the private sector creating an offset system that will stimulate interest in reducing greenhouse gases. It doesn't have to necessarily be a financial incentive; it can be just getting more research, knowledge and adaptation of existing best management practices into the hands of farmers and facilitating their adoption. Right now, it's a very complex system that requires a great deal of research and innovation, and we find that if we just provide a bit more of that kind of extension to farmers and help them adapt best management practices into their current system, we can achieve more success.

Mr. Keith Currie: It could also come in the form of some tax incentives, property tax reduction in place of—implementing some environmental initiatives that protect the soil as well.

Mr. Peter Tabuns: That makes sense to me. You can either reduce the amount of money you collect from—

The Chair (Mr. Dave Smith): Thank you, Mr. Tabuns. We've come to the end of this presentation.

COALITION OF CONCERNED
MANUFACTURERS
AND BUSINESSES OF ONTARIO

The Chair (Mr. Dave Smith): I'd ask, then, that the Coalition of Concerned Manufacturers and Businesses of Ontario please come up.

Please introduce yourselves. Your 10 minutes will start as soon as you introduce yourself.

Ms. Jocelyn Bamford: Good afternoon. We are here to represent the Coalition of Concerned Manufacturers and Businesses of Canada. My name is Jocelyn Bamford. Peter Gossmann and Dan Pawlick are here to represent the coalition and to talk to you today. We are a grassroots coalition of business leaders seeking only to save the jobs of our employees and ensure that their families have prosperity in our country.

We are here to publicly support the Ontario government's decision to end the ineffective and job-killing tax called cap-and-trade through Bill 4. This was just one of the previous government initiatives that did absolutely nothing to impact the environment but only served to stifle growth in Ontario and send jobs south of the border.

Let me share with you my introduction to cap-and-trade. When I was first invited to a session on cap-and-trade, I almost decided not to go because I'm considered a low emitter. I naively thought, "This isn't going to impact me." When you're a small or medium-sized business, your time is very precious. However, I read that low emitters could trade credits, and I thought I would investigate that.

But I was horrified to find out that this was not the way cap-and-trade worked. In reality, we were too small an emitter to participate in cap-and-trade, so we got no government credits for new technology and we couldn't trade our credits with anyone. We just got to pay, and we got to pay through increased natural gas and fuel costs. For our company, it added over \$31,000 annually. When you think about this, that's just the direct cost. There is also an indirect cost because everybody passes on that increased cost to us. So we saw costs rise for all of our supplies. Indeed, it's a triple whammy. We also try to source Canadian products wherever we can because we want to support the Canadian economy. But as those prices increased, foreign products became more attractive.

For other members of our coalition, it was much higher. Esco in Port Hope reported to me it was over \$222,000. Again, they were too small to participate in cap-and-trade. You can only imagine how many jobs that represents.

Even more disturbing, when I really looked into carbon emissions in Canada, I found out through the CME that manufacturers in Canada contribute 1.6% of greenhouse gases to the world's greenhouse gases, and in Ontario, through innovation, manufacturers have actually lowered their greenhouse gas emissions by 30.9% and are currently sitting at 15% below the 2020 target. Canadians are instinctively environmentally conscious. We do what we can to help the environment. Reducing our energy costs also reduces our bottom line, and adding tax does nothing to help.

We also want to point out that 90% of businesses in Canada are 100 people or less. Typically, they're going to be low emitters and can't participate in cap-and-trade. I noticed that Mr. Cameron, when you asked him where the cost comes from, was very evasive. I'm telling you the cost comes from us, because we're the ones that have to pay through increased costs. We can't participate. We don't get credits. We don't get credits from government. We just pay.

Currently in our coalition, the amount of companies that have moved growth or are moving to the United States is staggering. Where do politicians and the people of the province think that money for taxes comes from? It comes from jobs, and it comes from jobs from the 92% of companies that are 100 people or less. If you crush us and if you put us out of business, how are you ever going to have any programs of any type?

The large companies received credits, special interest groups received money, and consultants made out like bandits under cap-and-trade. The green bank had money to give to consultants for studies and, again, who paid? Families paid and SME business paid.

To be clear, I want to make sure that you understand: I have three children. There's nobody that wants the preservation of the Earth more than a mother. But ineffective programs that do nothing but drive companies out of the country are not going to help. It's not just cap-and-trade; it's a majority of bad policies, like paying three times the electricity under the Green Energy Act. I could move my business to the United States and pay between four cents and six cents a kilowatt hour. Right now, I'm paying between 18 cents and 21 cents a kilowatt hour.

The United States welcomes us with open arms. There are jurisdictions that will give you a building for free if you just bring the jobs. They understand that we're the job creators and we're the ones that pay the taxes. They don't drive us out with red tape; they welcome us with open arms. They do not treat us like we're bourgeoisie sweatshop owners that mistreat our employees. They treat us like we contribute to the society, as we do.

I'm going to turn it over to Peter. He has more remarks.

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Mr. Peter Gossmann: I'm Peter Gossmann. I'm part of the coalition and I'm a business owner in Richmond Hill.

Three billion dollars in lost tax revenue—lost revenue: That's what I hear from those opposed to the government's plan to eliminate cap-and-trade—a \$3-billion giveaway. How utterly heinous—the nerve that the government is not going to take that huge chunk of money from the people of Ontario. Somehow, not bleeding the already overburdened people of Ontario with yet another tax is a bad thing.

Who is it a bad thing for, you might ask? Where would this tax money go, anyway? Would it help Canadians, or only special Canadians, or maybe special Americans? People like the owners of a Florida-owned Ontario wind farm who, when faced with a new government coming to power, make a sweetheart deal to sell its business to the Canada Pension Plan? Yep, not good for people like that.

Three billion dollars less in taxes is also bad for those special interest groups, bureaucrats and private consultants. You know, the ones who reap most of the benefits of government giveaway programs rather than those businesses they were intended to help. It's bad for them, for sure. Those opposed to cancelling the tax call it a \$3-billion loss, when in fact, cancelling the tax is a \$3-billion gain for the pockets of Ontario families.

Yes, the current Ontario government is faced with sky-high debt and a seemingly insurmountable \$15-billion deficit. But I know this government understands that you can't fix debt by taxing your way out of it.

Make no mistake: We have a problem in Ontario, and it's not air quality. It's socialist hot air that seeks to kill the remaining jobs by taxing them out of existence. More people working is the only way this government will be able to balance the books and eventually pay down the debt. We desperately need to increase the tax base while keeping the individual tax burden low.

The Premier gets it, in my opinion. We as business owners get it.

I recently read the same report that Jocelyn was talking about, from Clean Prosperity, put out by Mark Cameron, in which he suggests that families will get dividends from cap-and-trade and carbon tax—the old sleight of hand, a shell game whereby you give me \$20 from your parents' wallet, and I'll give you a \$2 dividend. You're \$2 richer, but then your parents are forced to throw you out of the house because they can no longer afford you—parents being the Ontario businesses, you being the average Ontario working family. This is pretty simple stuff.

Lawrence Solomon from the National Post wrote about how people are rejecting the federal government's push for climate change taxes. The most significant quote is related to how our Prime Minister stands alone in Canada and globally: “They are part of a worldwide trend rejecting renewables, rejecting climate change alarmism, and embracing coal and other fossil fuels. Renewables and the high electricity rates they ushered in drove individuals into energy poverty and led industry to flee, putting the lie to the claim that wind and solar are the fuels of the future. Wind and solar, rather, have become the fossils of the energy industry; oil, gas and coal remain the fuels of the future.”

Whether you agree or not, that's irrelevant. While the rest of the world, who arguably produce 98% of the world's carbon emissions, are doubting the validity of its effects on climate, we who, literally, can make no difference are asked to just pay up and shut up.

For my part as a business owner, high electricity bills, the high cost of goods and services, high property tax and every other tax, the high cost of capital funding and the lack of any significant incentive to operate a business in Canada have solidified our decision to open a plant south of the border.

The Chair (Mr. Dave Smith): Thirty seconds.

Mr. Peter Gossmann: I only had 30 seconds left.

We are in full support of the Ontario government's plan to bring back manufacturing. We hope they succeed, and we hope to maintain a presence in Ontario. We love our country. We love our employees. We must, however, survive, or there will be nowhere for our future generations to work, live and raise families in Ontario.

The Chair (Mr. Dave Smith): Thank you very much.

Mr. Kramp, I believe you're up.

Mr. Daryl Kramp: Thank you for your presentation and the little dose of reality. It's much appreciated. It's the old story: When you take a look at the economy and you take a look at the hundreds of thousands of jobs that have left this area, the simple reason being, what have we been doing? We've just been biting the hand that feeds. At some particular point, we have to find an effective balance between dealing with the environmental challenge but also ensuring that we have the capacity to be able to have the financial ability to expend funds on that. But where are we going to get that? From the economy. If you kill the economy, you don't have the capacity to be able to solve any of the problems. Thank you for your presentation and your counsel on this.

I think the one point that I would make of course is that people should realize your impact on the economy. Folks like you and the industries that you represent are almost 90% of all the jobs in this country. If we decimate your industry, we are, literally, absolutely throwing away the future of the country and our ability to be able to meet the challenges of tomorrow. So thank you very, very kindly.

I took a look at the chart you presented here, and it's interesting. You guys are getting hammered. In many, many cases, you're not able to access the market to be able to get the assistance, and yet your emissions are substantially below the targets that are set. The target was set for a 15% reduction by 2020, and you're already at 30.9% in reductions. You have more than paid the bill. You have absolutely stepped up to the plate, and the government somehow seems not to have recognized your contribution and still wants to jump on with both feet again. It just defies any rationale I would have, of not only fairness but effectiveness.

If governments are going to get results, they have to be able to have the means by which to do it, and by hammering you the way they have for doing a good job, they're putting one hand right behind your back and saying, "Too bad, two choices: either go out of business or leave."

Now, when we take a look at the number of businesses that have gone out of business and left, over 300,000 jobs gone in the last three, four, five years, simply due to policy. This cannot go on, absolutely, so thank you.

As far as cap-and-trade directly, you mentioned the cost to your small business alone. Can you give us an idea of the cost to the small business community and to the medium manufacturing businesses in this country? How much of a loss are we talking about here?

Ms. Jocelyn Bamford: The numbers are huge. I just wanted to address two things. We saw four phenomena: companies closed, went bankrupt; they moved; the more damaging thing that people don't recognize is, people like Peter's company were going to grow here. A company called Surati, which is a wonderful Indian baked goods store in Scarborough, were going to put another 150 jobs inside them, and instead, they're moving those jobs to the United States.

Peter was going to expand his plant here, and now it's going to Ohio. There are companies that are upright, wholesale moving, but far more damaging are the companies that are slowly putting their toe in the water of another country and finding it is more cost-effective. We're missing all of the growth that we could have had here.

The fourth phenomenon that I want people to understand is that a lot of Canadian companies are saying, "I'm done." Small to medium-sized businesses in this country don't have a lot of advocacy—

The Chair (Mr. Dave Smith): Thank you. I'm sorry. We've come to the end of the time.

Mr. Tabuns?

Mr. Peter Tabuns: Thank you all for coming today and presenting. Out of curiosity, could you tell us what sort of manufacturing the three of you are engaged in?

Ms. Jocelyn Bamford: Peter has a—

Mr. Peter Gossmann: Plastics.

Ms. Jocelyn Bamford: —plastics. I'm a corrosion coater.

Mr. Dan Pawlick: We manufacture heat exchangers, from radiators and coolers to—

Mr. Peter Tabuns: Okay.

Ms. Jocelyn Bamford: In the coalition, we have a very broad—all from baking to tool companies, people in automotive. It's a huge spectrum that are in the coalition, and the reason they've come to us is, they feel they don't have a voice. They don't have support, and people don't realize. Again, 90% of businesses are 100 people and less, but the focus on large corporations gets all the attention and no one looks at us, and we're the ones who are supporting the economy.

Mr. Peter Tabuns: Thank you. You've said that the program that's being eliminated by this bill is ineffective. What do you think would be an effective approach to dealing with climate change?

Ms. Jocelyn Bamford: If you look at the slide that we presented, it behooves us to reduce our energy footprint because that's a huge cost for us. So anything we can do—and if you came into our plants and saw the technology that we've deployed over the years, you'd be astounded at the innovation in Ontario. We had to do it because no one was looking out for us and we had to survive. We have to continue supporting—I'll tell you where you could help.

It is the Wild West out there in energy conservation because it's so expensive. We pay three times the electricity. The number of times we get people knocking on the door saying, "I can save you money. I'll put solar panels in. We'll sell you batteries. We'll put a combined heat and power unit in." There is nobody giving any guidance, and I'll tell you, the guy who shows up to sell you this frequently—one guy who was selling batteries came with his realty cards, so he's a realtor, and he also did batteries on the side. Or they're a consultant and they sell solar panels on the side. There are no industry guidelines for how to assist small and medium-sized businesses or best practices out there.

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You have all the resources. This is not an expensive venture. You just have to help us. Tell us what the best technology is to deploy to help us reduce our carbon footprint, save money and be able to compete globally.

Mr. Peter Tabuns: Before you comment, I just want to say that I think that's a really good idea. I think having standards that the provincial government puts out so that you, as a manufacturer, can say, "Yes, this is credible," would help tremendously. So I appreciate that suggestion.

Mr. Dan Pawlick: Just a quick point: We do a lot of exposure and exporting to the United States and liaison with a lot of very large manufacturers there, so our intel from an engineering perspective is pretty significant. When you say there's an incentive—there is no incentive for our company. There is no incentive; we just pay. That's one of the concerns we have: We're paying.

One of the other challenges is, we're willing to implement technologies but we're not big enough to invent technologies. One of the fundamental differences that we were exposed to from the US point of view was that, as technologies become available, then companies are expected to implement best practices. In Canada, we have a fundamental difference: It's your problem. I could go on for months about various stories about how this is your problem as a small business. You're doing something. I'm not an expert at some type of emission. Who is? We're going to tax you. So—

The Chair (Mr. Dave Smith): Thank you.

Mr. Peter Tabuns: Thank you very much. I appreciate it.

The Chair (Mr. Dave Smith): Mr. Schreiner.

Mr. Mike Schreiner: Thank you all for being here. As a long-time small business owner, I was feeling a lot of sympathy for what you were saying. I was in food production, so it's good to know there are some food production businesses there as well.

I just wanted to give you gentlemen here on the end a chance to elaborate on that last point, technology implementation. What's happening in the US that is helping small businesses implement new technology that's not happening here in Ontario?

Mr. Dan Pawlick: Generally, when I question that, the political will or the legislative will goes after, let's say, larger industry members, because it requires a certain amount of capital to take risks, to develop a technology. Ultimately either it's R&D money or it has the personnel resources.

Once a technology is done—the idea is you R&D it, you develop it, and then you unroll it; you unveil it to the rest of the industry. A lot of small companies don't have the resources to invent it. Where they tend to spend their time—we do the opposite. We give the large organizations the pass card and to our little guys, you say, “You don't have an option out.” This is why we say that we don't see an incentive. We don't have an option out of these programs; we just get taxed. So the people, whether it be governments, whether it be research centres, whether it be universities, that I would argue should be deploying or developing technology—we put in the technology, whether that be LED light bulbs or energy-saving devices in our plants, whether they be VFD equipment—those are things that we will buy and implement, but if you ask me to design everything I utilize as equipment, well, I don't want to invent it. So when we talk about that—

The Chair (Mr. Dave Smith): Thank you. We've come to the end of our time.

Interjection.

The Chair (Mr. Dave Smith): I'm sorry; we're up tight on timelines.

Mr. Peter Gossman: It's all good.

Interjection.

The Chair (Mr. Dave Smith): I can't. I'm really sorry. If you'd like to make a written submission of it, we can take it up until 6 o'clock this evening.

DAVID SUZUKI FOUNDATION

The Chair (Mr. Dave Smith): I'd like to ask the David Suzuki Foundation to please come up. Please introduce yourself.

Mr. Gideon Forman: Yes, thank you, Mr. Chair, and members of the committee. My name is Gideon Forman and I'm a policy analyst at the David Suzuki Foundation. I'll keep my remarks brief today as I do want opportunities to discuss and answer your questions.

I have three key points that I want to make to you this afternoon. The first is that by abandoning carbon pricing, Ontario is rejecting the advice of leading financial institutions and turning its back on an effective market mechanism. My second point is that by abandoning cap-and-trade, Ontario is losing billions of dollars annually that would have improved the lives of people across the province. My third point is that any climate plan that Ontario develops must mandate an 80% GHG reduction no later than mid-century and ambitiously tackle emissions from transportation.

It's vital to recognize that it is not just environmental organizations that support carbon pricing. In fact, leading pro-business organizations also support it. Take the World Bank. In a December 2017 briefing note, the bank writes, “Putting a price on carbon is an important step, and many in the private sector believe strongly that governments need to go in this direction to effectively address climate change.” The bank adds, “Carbon pricing represents a simple, fair and efficient policy option to address climate change....”

“For businesses, carbon pricing enables them to manage risks, plan their low-carbon investments, and drive innovation.” The bank concludes, “It is clear that stronger action is needed on the carbon pricing front.”

So we're not talking here about the views of tree-huggers or those on the political left perhaps. We're talking about the World Bank, and their view is clear: “Carbon pricing represents a simple, fair and efficient policy option....”

If Ontario insists on rejecting carbon pricing, it puts itself at odds with some of the most respected business voices on the planet. Committee members will be familiar with Professor Joseph Stiglitz, a Nobel laureate in economics and co-chair of the High-Level Commission on Carbon Prices. In a 2017 report, Professor Stiglitz's commission argues, “A well-designed carbon price is an indispensable part of a strategy for reducing emissions in an efficient way.” The commission adds, “A carbon price could have powerful co-benefits that go beyond climate, for instance, potential improvements in air pollution and congestion, the health of ecosystems, access to modern energy, and so on.”

That's an assessment of carbon pricing from a Nobel laureate in economics. If we want to reduce emissions efficiently, he says, carbon pricing is “indispensable”—that's Professor Stiglitz's word—and this pricing can also tackle other problems such as congestion.

Turning to the Organization for Economic Co-operation and Development, we again find support for

carbon pricing. In a report published this year, entitled *Effective Carbon Rates 2018*, the OECD writes, “By putting a price on carbon emissions, countries can increase resource efficiency, boost investment in clean energy, develop and sell low-emission goods and services, and increase resilience.” The OECD, which, as you know, represents some of the world’s most successful economies, strongly endorses carbon pricing and says it can drive low-carbon investment.

If Ontario is indeed open for business, it may want to listen to the World Bank, the OECD and leading economists and reconsider its rejection of carbon pricing, which is, after all, a market mechanism.

As committee members are aware, Ontario’s cap-and-trade system was raising approximately \$2 billion annually. With the program’s demise, this money will be lost, and with it a host of projects that improve people’s lives throughout the province. For example, in 2018, about \$600 million in cap-and-trade revenue was earmarked for public transit and active transportation. This money would have supported regional express rail and the creation of cycling lanes, helping people who rely on the GO train or ride a bike. About \$960 million was set aside to boost energy efficiency, which would have helped Ontarians cut their heating bills and improve their home comfort. About \$25 million was dedicated to protecting forests and agriculture. This money would have supported planting millions of trees and improved quality of soils, which are vital if we want clean air and a flourishing farm sector.

I could go on. The point is, with cap-and-trade’s cancellation these funds and the benefits they would have brought us every day are gone. Make no mistake: Cap-and-trade revenue would have benefitted Ontarians throughout the province, whether they’re farmers from rural Ontario, commuters living in the 905 belt or tenants living in our cities.

Finally, let me say a word about what we’d like to see in the climate change plan, which the act would mandate. We concur with Professor Stiglitz, the Nobel laureate, that if the goal is efficient reduction of emissions, well-designed carbon-pricing is “indispensable.” We are therefore skeptical that a climate strategy that lacks pricing can succeed. We urge Ontario to listen to world experts and retain this market mechanism in its climate plan.

Further, we urge Ontario to include binding targets that would see our GHG emissions drop 80%, compared with 1990 levels, no later than 2050. We also want the plan to include a robust section on transportation. As you know, transportation is the single largest source of GHG emissions in the province. Especially important is giving Ontarians alternatives to gasoline-burning automobiles. We therefore strongly support enhanced funding for electrified GO trains, light rail and electric bus services. During the election campaign, the party that later formed government promised to honour planned increases to local transit funding. We urge the government to reiterate its support for this policy.

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We also believe cycling infrastructure, especially protected bike lanes, gives commuters more options and helps

bust congestion. The climate plan should fund it generously.

In conclusion, we believe the government’s cancellation of cap-and-trade is short-sighted. It puts the province at odds with leading economists and financial institutions, and deprives Ontarians of billions of dollars that could improve their lives. Any legitimate climate plan would include carbon pricing, binding GHG reduction targets and a commitment to robust transit funding. The people of Ontario deserve no less.

Thank you, Mr. Chair.

The Chair (Mr. Dave Smith): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Forman, thanks very much for the presentation today.

Mr. Gideon Forman: It’s a pleasure.

Mr. Peter Tabuns: The World Bank and the OECD both believe that carbon pricing is going to be necessary to deal with the climate crisis that’s presenting itself. Can you talk about their assessment of the costs of not acting?

Mr. Gideon Forman: Thank you, Mr. Tabuns. The costs of not acting are enormous. One of the things that all of these leading financial and business voices concur on is that if we don’t act quickly, the costs will just mount. The costs are enormous, to the point where it’s becoming unclear whether we will be able to insure different sectors of the economy in the coming years. Because the costs are so enormous, the insurance industry may be unwilling to put its neck out and insure these things.

So the costs are significant already. We’re seeing that all over the world, including in Ontario from our forest fires, and they’re just going to mount. The longer that we wait, Mr. Tabuns, to take action, the greater the costs will be.

Mr. Peter Tabuns: Do you have a sense, in Ontario, of what kind of costs we’re looking at in terms of adaptation and climate damage?

Mr. Gideon Forman: I don’t have a dollar figure, and I don’t want to mislead you. I don’t have that right at my fingertips. I can get that to you. I don’t have that dollar figure right here.

Mr. Peter Tabuns: Okay. I would appreciate it, and I think the committee would benefit from having those numbers.

Mr. Gideon Forman: Sure.

Mr. Peter Tabuns: Are you surprised that a Conservative government is rejecting a market-oriented mechanism for dealing with this issue?

Mr. Gideon Forman: To be honest, I am a little surprised. We would expect that a government that has said it’s open for business—reasonable enough—would embrace this.

You know, Mr. Tabuns, when I was researching these remarks and making a point of looking at the business and financial voices on this issue, I was struck by the unanimity, that voice after voice, institution after institution—whether it was OECD, World Bank, Nobel Prize winners—were all in agreement that this was a smart move in terms of climate and also important in terms of driving innovation and job growth, investment.

If you look at leading economies around the world, whether it's Germany, whether it's British Columbia, whether it's Scandinavian countries, they all have very strong economies and they all have carbon pricing.

Mr. Peter Tabuns: Could you talk about the success of carbon pricing in Scandinavia and Europe?

Mr. Gideon Forman: Let me take Germany, for example: It's the most robust economy in Europe. It has long had carbon pricing there, growth year after year. I was just looking at OECD statistics for Scandinavia. There's also very significant growth in countries like Norway: a huge oil sector, of course, as we have here in Canada, but I would say a more prudent approach to the management of their oil and a strong commitment to carbon pricing. In fact, I would go so far as to say it's not even a question anymore and it's not debated in these countries anymore whether or not to have carbon pricing. Yes, there is discussion about how we can tweak it, perhaps, how we can strengthen it, how we can enhance it, but whether or not to have it doesn't exist as a question anymore in these leading economies. California would be another example.

Mr. Peter Tabuns: Okay. I don't have further questions. I really appreciated the presentation.

The Chair (Mr. Dave Smith): Mr. Schreiner.

Mr. Mike Schreiner: Thank you for your presentation. I really appreciate you being here today.

You've obviously done a significant amount of economic research. I'm curious: In conducting that research, are economists recommending market-based solutions or regulatory-based solutions as the lowest-cost, most effective approach to addressing climate?

Mr. Gideon Forman: There are lots of economists, obviously, and I don't want to mischaracterize; there are different views out there. But I think it's fair to say there is a consensus among top economists that market mechanisms such as carbon pricing are absolutely indispensable. That's not to say that we don't need some regulatory instruments as well. In Ontario, the coal plants were closed through regulations, and that was a good thing. But what we find when we look at these top economists is that the smart regulatory moves paired up with carbon pricing is the best approach. We need both. Today we're talking primarily about carbon pricing, so I focused on that, but absolutely we need smart regulation as well, and I think we've seen that in Ontario, where we had a carbon price and we also closed coal plants by regulation, and they complemented one another.

Mr. Mike Schreiner: My time is very limited, so I just wanted to ask you this: Since transportation is the fastest-growing part of our pollution, can you address some ways to reduce transportation pollution?

Mr. Gideon Forman: Sure. The most obvious and first thing is to give more money to local transit systems. That was promised by previous governments. We're asking this government to keep that commitment to increasing money for local transit, with a particular emphasis on low-carbon transportation, so electrified buses—the TTC is embarking down that route—light rail, obviously, and electrified GO. Those would be sort of top three.

Mr. Mike Schreiner: Great. Thank you. I appreciate that.

The Chair (Mr. Dave Smith): Thank you. Ms. Khanjin.

Ms. Andrea Khanjin: Thank you for coming here today—

Mr. Gideon Forman: A pleasure.

Ms. Andrea Khanjin:—on behalf of the David Suzuki Foundation. Growing up, I did watch *The Nature of Things*.

Mr. Gideon Forman: Great. The program's still on.

Ms. Andrea Khanjin: Yes, exactly. But I have to say, given my childhood watching *The Nature of Things*, that in 2012, I came across an article which said, "11 Questions for David Suzuki," and I was quite shocked. It was an article by the Huffington Post and it has a quote from David Suzuki saying, "Extravagance has been bred out of my DNA." I was kind of shocked about that whole extravagance aspect. Then I discovered he owns multiple homes, a tract of land on Nelson Island that he shares with an oil tycoon, and that Mr. Suzuki's carbon emissions are quite immense.

In another article I came across in the *Globe and Mail*, he was asked, "What's the best line that you've ever written?" His response, to my shock, was, "You are what you do, not what you say." This, coming from a multi-million-dollar foundation, and you're representing this multi-million-dollar foundation—much of that money that he has in the foundation that funds your organization is from foreign sources.

Since you're here under his name and under the organization and talking about cap-and-trade and being in favour of it despite it being a job-killing policy—it's a regressive tax and does little for the environment, as we've heard from the Auditor General. So how can you come here with a clear conscience, knowing what kind of credibility lies behind someone who does have a fairly large carbon—

Mr. Gideon Forman: I just want to make sure I understand your question. How can I come here with a clear conscience?

Ms. Andrea Khanjin: Yes.

Mr. Gideon Forman: I'm happy to answer that question, sure.

Ms. Andrea Khanjin: Yes. The article I was reading just says, again, he's a large emitter, has all this property around the world. One of the properties is shared with an oil tycoon. How can you appear here with a clear conscience, talking about greenhouse gas reductions and helping the environment, when the very person your organization is named after is someone who is globe-trotting around the world and putting a rather large carbon footprint on Earth?

Mr. Gideon Forman: I should begin by saying that Dr. Suzuki is not on the board of the David Suzuki Foundation.

Ms. Andrea Khanjin: But you're named after him, aren't you?

Mr. Gideon Forman: Yes, of course.

Ms. Andrea Khanjin: Have you ever thought of renaming it because of these types of situations?

Mr. Gideon Forman: We haven't thought of renaming it, to the best of my knowledge. But just to be clear, Dr. Suzuki is not on the board, so he doesn't speak for the foundation.

In terms of your question about how I can come here with a clear conscience, it's an excellent question. I think of my children and I think, what kind of world are they going to inherit? My kids are in their twenties now. I'm concerned because I've read the science. I've read what the economists say. I read what the leading financial organizations are telling me. I listen to business voices carefully because I think they're really useful—

Ms. Andrea Khanjin: Speaking of business voices, just before you we had the Coalition of Concerned Manufacturers. The lady who was here has children as well. She was coming here, making sure that the next generation has clean air to breathe. I myself, as a young MPP, also care about those issues. But we just heard from her saying that the cap-and-trade system was just unfair to businesses.

How can you square those two situations, where if you care about the future or you care about children, where are they going to work, where are they going to live, if there's no prosperity in our province and we have a \$15-billion deficit? Money has to come from somewhere. So if we really care about the next generation, where's the next generation going to work and what are they going to do if there's no prosperity left in this province?

Mr. Gideon Forman: Just so I understand, your question is, where will the next generation work?

The Chair (Mr. Dave Smith): I'm sorry. We've run out of time.

Thank you very much for the presentation.

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ENVIRONMENTAL DEFENCE

The Chair (Mr. Dave Smith): Next up we have Environmental Defence, if you'd like to come up to the table. Please introduce yourselves, and your time will start as soon as you introduce yourselves.

Mr. Keith Brooks: I'd like to thank the members of the committee for the opportunity to appear and speak before you today. I'm Keith Brooks of Environmental Defence. I'm joined by my colleague Sarah Buchanan.

I want to begin by acknowledging that the program that was in place, Ontario's cap-and-trade program, was not perfect, but its cancellation, alongside the cancellation of most of the programs funded by cap-and-trade and the suspension of Ontario's climate change targets, has to be seen as a setback. Evidence indicated that Ontario's efforts to address climate change were starting to work and they were not having a negative impact on the economy. In fact, during 2017, the first year of cap-and-trade, Ontario added 155,000 new jobs.

Our preference was and is still to keep cap-and-trade and the province's prior Climate Change Action Plan in place—work to improve upon those policies and that plan.

That's why we don't support this bill. We urge the members of the committee, in fact, and members of the Legislature to rethink its passage, especially without a comprehensive climate change plan to put in place of the one that is being struck down with this bill. If, however, the government is intent on cancelling cap-and-trade and the other programs and policies, I want to make it clear that we will engage with this government and work to put in place whatever solutions we can in this province.

Ms. Sarah Buchanan: I am Sarah Buchanan, as Keith mentioned. I work at Environmental Defence Canada, as well. I work particularly focused on Ontario.

I want to start off by acknowledging some things that we all know. Everyone in this room knows that climate change is real, that it's happening and has real impacts here in Ontario. We also know that we need to do something about it. Ontarians agree, as well. In recent polling that we've seen, 76% of Ontarians say that their government should actually be doing more to fight climate change. This isn't an isolated poll; this is something we see pretty consistently year after year.

Ontarians have also spoken up in large numbers recently to this particular bill. Actually, over 11,000 comments were submitted to the Environmental Registry of Ontario in regard to this particular bill. That's quite a lot in comparison to previous bills.

Also, Ontario businesses, health organizations and industries are watching very closely what happens here, and we engage with many of these sectors through our Clean Economy Alliance. That's an alliance that includes over 100 organizations, including Environmental Defence. It also includes businesses and industry associations, and they also want to see action on climate change and they want to work closely with the government to find solutions to climate change. Many of the members in this alliance commented on this bill as well—I encourage you to take a look at these comments—and many of these members are keenly interested in how their businesses will be affected by changing carbon pricing systems and what kinds of new programs they can access to help them transition to cleaner, more efficient, more energy-efficient ways of operating.

It's safe to say that the people of Ontario will only pay more attention to climate change over time. As we experience more flooding, more forest fires like we saw this summer, more heat waves and other extreme weather, Ontarians are going to look to their governments for answers, and they'll remember the decisions made to address climate change.

Last week's report, as we saw, from the Intergovernmental Panel on Climate Change, should be a huge wake-up call for us. The crux of the report's findings, which I'm sure you've looked at, is that we are aiming too low with our greenhouse gas emissions policies and targets, and that if we continue on our current path we're going to see some pretty dire consequences. The report shows that even two degrees of warming is unsafe and will result in massive loss of life. But there's hope; it's not all doom and gloom. There's still time to limit warming to 1.5 degrees Celsius,

but to do so we all need to step up our efforts, and that includes Ontario.

That leads me to one of my big concerns with this bill, which is the notion of scrapping Ontario's greenhouse gas emissions reduction targets and potentially replacing them with new softer targets. If we do soften our current targets, which are pretty middle-of-the-road in an international context—even to match Canada's federal targets would be a significant step backward. Canada's current targets are too weak. They're the weakest in the G7, and they're too weak if we want to aim to do our fair share to limit warming to 1.5 degrees. The federal government has committed, actually, to ratcheting those targets up, and we're engaged with them on that matter.

When it comes to targets, more ambitious is definitely the only way that we can go. Any government now who knowingly softens their greenhouse gas reduction targets will be seen, in light of the evidence we have, as turning their backs on what scientists are telling us we must do. Yes, Ontario has done a lot, but this isn't an excuse to sit back now and say that that's all we're going to do.

We know a lot more now than we did when Canada first set these targets. Given that all the parties here acknowledge the reality of climate change, I would urge you to work together based on the evidence that we see in front of us. We definitely can't afford for this to be a political football.

We're asking you all to take some time with this bill, to step back, assess the evidence that we have, take a long hard look at it and do what's best for Ontarians and for their future.

I'm going to turn it over to Keith.

Mr. Keith Brooks: The good news is that this bill does require the government to create a new plan to address climate change. We support the need for a plan; we're glad to see that requirement.

We're supportive of carbon pricing but we're not blind adherents to it. Pricing is a necessary and effective tool to cut emissions but it's not the only tool available. We'll support the federal government implementing their carbon price here in Ontario but we're happy to work with this government as well to craft and implement Ontario's new plan to address climate change. We all need to do our part.

There are real opportunities here to implement low-cost solutions that will make a real dent on carbon pollution in Ontario. As Canada's clean technology leader, there's a huge opportunity here as well.

The province should look at low-cost solutions like natural gas conservation, which will save money, reduce bills. An expanded natural gas conservation program has the potential to reduce Ontario's gas costs by \$85 billion by 2030 and to cut greenhouse gas emissions from natural gas by almost 20%. Since we're importers of natural gas, this would also mean more money kept in the province. It's a win-win.

Another area of focus should be freight, emissions from which are growing faster than are those from passenger vehicles. Freight emissions will overtake cars by 2030 unless something else is done.

There are lots of solutions available and many of these solutions are going to make life better in Ontario. Ontario can help repair public housing and schools at the same time as making them more energy-efficient, which cuts the costs and makes Ontarians more comfortable. Increasing the fuel efficiency of vehicles and moving to cleaner cars will reduce tailpipe emissions from vehicles, reduce fuel costs and will lead to cleaner air and better health for Ontarians.

The members of the Clean Economy Alliance, the 100 organizations, engaged with the previous government to make progress on a number of solutions to climate change, and these organizations are keen to bring these solutions to whatever government is willing to listen and act on them.

The government has a responsibility to act on climate change but the government is not alone in this; Ontarians want to act too. Ontario need not reinvent the wheel, there are ample examples of successes we can draw from across Canada and around the world. We're offering our assistance to help decision-makers find, craft and implement the policies that we need in Ontario to keep moving forward on this issue.

As a final point, provoked in part by yesterday's report from the Financial Accountability Office, we urge the government to do a line-by-line assessment of the policies, regulations and actions that were contained in the previous Climate Change Action Plan and keep or modify those programs that were working well, rather than jettison them without a factual assessment of the environmental and economic impacts of getting rid of those policies and programs.

We know that the members of the committee here and all the members of the Legislature accept the science of climate change. In that spirit, we really do urge you all to work together and to craft evidence-based policies that deliver emissions reductions, economic opportunities and cleaner air for all Ontarians. This issue is really too urgent to be a political football.

I'll close here. Thanks again for the opportunity to speak to you today.

The Chair (Mr. Dave Smith): Thank you. Mr. Schreiner.

Mr. Mike Schreiner: Thanks for being here today. I really appreciate it.

You open your presentation with saying that we created 155,000 new jobs in Ontario last year, and I know our unemployment rate is one of the lowest it has been in decades right now, actually.

The five best-performing economies in Canada all have a price on pollution, the best performing states have a price on pollution, many European countries that are performing well economically have a price on pollution but yet there seems to be this rhetoric that pricing pollution kills jobs.

Could you elaborate on why you opened with jobs and what you think the effect of pollution pricing has had on jobs?

Mr. Keith Brooks: Well, like you said, there's no evidence it has had any negative impact on jobs. We can't

show that it has had a positive impact but it's actually a small factor in the economy and I think one of the points that we made is that saying that carbon taxes or a cap-and-trade system or carbon pricing will kill jobs is powerful rhetoric but there's no evidence to back it up.

Mr. Mike Schreiner: Thank you. I appreciate that.

You talked about that there are some solutions that are very low-cost solutions. Could you elaborate on what some of those low-cost solutions to climate change are?

Mr. Keith Brooks: We put gas conservation first on the list, actually, because there are a bunch of what's called cost-effective conservation. These are measures that will actually save you money. It's not us saying this; institutes like McKinsey will vouch for this. The reason is, if I invest in a new furnace or a new mechanical boiler in my shop or what have you, there is an up-front capital cost, but it costs me less to operate that piece, it costs me less for energy, and I save money over time. So there are a lot of these cost-effective solutions that are out there.

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Economists will tell you, though, that carbon pricing is one of the most cost-effective solutions, if not the most cost-effective solution. We have to seek solace in the fact that we still will have a price on carbon in Ontario because the federal government now will move in where Ontario has moved back—

The Chair (Mr. Dave Smith): Thank you. We've come to the end of that question.

Mr. Coe.

Mr. Lorne Coe: Thank you very much for your presentation. Your presentation today reiterated your support for the cap-and-trade introduced by the previous government. That included programs like Green Ontario, which provided incentives through subsidies up to \$14,000 on expensive cars that most working-class families can't afford. At least in my riding, and I'm sure it's true of most ridings—I knock on doors every weekend and still hear it—most Ontario families are struggling to pay their electricity bills. How do you reconcile that particular fact with defending, as you did today, your support for the previous government's program and the subsidies like the \$14,000 that working-class families can't afford?

Mr. Keith Brooks: The plan contained a number of different programs to address Ontarians in all different socio-economic positions. There was funding for social housing—in fact, to retrofit social housing and improve those buildings, improve the comfort that people who live in social housing have. There was money for people who rent buildings to help them work on issues; there was stuff specifically earmarked for landlords in that regard.

There was money, yes, for electric vehicles. I understand that that is an issue for some people. But transportation is the largest source of emissions in the province of Ontario. Electric vehicles do need a shot in the arm to get us to where we need to go. We don't think that electric cars will need subsidies forever, but in the short term it is a rational policy choice.

Mr. Lorne Coe: I would submit, sir, that working-class families don't agree with that supposition.

I'll share my time with MPP Christine Hogarth.

The Chair (Mr. Dave Smith): Ms. Hogarth.

Ms. Christine Hogarth: Mr. Schreiner asked you a question about manufacturing jobs. There was a deputant earlier today who talked about the loss of manufacturing jobs. They were the ones here representing those companies, saying that companies leave, companies close, companies sell, and companies go elsewhere because of this high tax and burden on their services. It says the Fraser Institute said that 75,000 manufacturing jobs have left the province, so—

Mr. Keith Brooks: Because of cap-and-trade?

Ms. Christine Hogarth: Well, because of companies leaving.

Mr. Keith Brooks: But was it because of the policy?

Ms. Christine Hogarth: It was because of policy—because of high taxes, high electricity rates. It's the same thing with families. Families are having a hard time paying their bills. Do you not believe the manufacturers' association? Do you have a different point of view?

Mr. Keith Brooks: It's possible that some companies left, but I think others came. The facts will tell you—and you can look at Statistics Canada—that there was an influx of jobs in Ontario during 2017 and over the course of when this policy was in place. We actually added to employment across the province. GDP growth was very strong during the first year of cap-and-trade. In fact, there's no economic indicator that suggests this policy hurt jobs or hurt Ontario's economy.

Ms. Christine Hogarth: I have an actual example from my own riding of a company that was attracted to the United States. They contacted them and said, "Please move here." They offered them a great deal to move there. He wanted to stay in the community because he wanted to support the jobs in the community, but he said that it was very tough to stay. That's why he supported the PC government. He knew that we were going to get rid of this job-killing tax. How about a comment on that?

Mr. Keith Brooks: I'm sure you can find anecdotes to support your view, but the overall facts tell a different story. We can come back with anecdotes for you—

The Chair (Mr. Dave Smith): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: Thank you for appearing today and making a presentation.

You note that one of the solutions that this government could put in place would be an expansion of natural gas conservation to substantially reduce emissions and reduce the costs to those who use natural gas. Could you talk a bit about that program and the opportunities that Ontario should be realizing?

Mr. Keith Brooks: Natural gas is responsible for a very large share of Ontario's emissions. There are abundant opportunities for cost-effective conservation.

The utilities, in fact, run these programs; that's Enbridge and Union Gas. Union Gas runs a program for large-volume customers—so manufacturers—to help them retool their facilities, to help them modernize their facilities to reduce their energy costs and to invest in expensive capital infrastructure. That infrastructure leads, over time, to a net reduction in costs for these companies.

It makes them more competitive. It allows them to modernize and it reduces emissions for the province.

We did a study many years ago that looked at conservation in Ontario. It found that if we increased conservation by 25%, it would improve the province's bottom line or reduce the deficit. It would create 25,000 jobs. It would increase GDP. It was just winning on all fronts. It's a great opportunity.

Mr. Peter Tabuns: Thank you. My understanding from the literature I've read is that as the world heats up and the climate becomes more erratic and we have more extreme weather, it's predominantly low-income and working people who will be hurt. Can you address that?

Ms. Sarah Buchanan: Yes, the research does definitely support that, and I think we also see that borne out in Ontario.

I would ask that whatever climate change plan does end up put in place—and we are very happy about the fact that this government has committed to putting a plan in place—we would like to see that plan adequately address what you point out: that low-income Ontarians are most likely going to bear the brunt of a lot of those impacts, and potentially a lot of those costs. We may see rising insurance rates from things like flooding and fires. Also, Keith mentioned the upgrades to social housing buildings in order to keep people comfortable and safe in those buildings as well. That's a great example of a policy that can help low-income people and can help address some of that inequity in those impacts.

Mr. Peter Tabuns: You talk about the rise in freight emissions potentially exceeding emissions from passenger vehicles by 2030. Can you talk about the alternatives to the trends that are apparent in your presentation?

Ms. Sarah Buchanan: Definitely, yes. That statistic was actually Canada-wide by 2030. It's expected that emissions from freight vehicles will eclipse passenger vehicles. That's partly because when you see a thriving economy, you see freight emissions and freight activity often going up. It's great to see our economy thriving, but many of those solutions that have been implemented in some other places, things like a scrappage program where you can take those old clunker trucks that aren't as efficient and are polluting more and you can get people to trade those in to get a cash incentive for that and switch over to a more efficient vehicle—those have worked well in other jurisdictions, or programs like a feebate program, where you have, again, older, more inefficient vehicles. They pay a fee. That fee is then put into helping people buy more efficient vehicles, because that technology can be more expensive. So leveraging those funds to help feed that industry can be helpful.

The Chair (Mr. Dave Smith): Thank you. We've come to the end of this presentation.

CEMENT ASSOCIATION OF CANADA

The Chair (Mr. Dave Smith): Could the Cement Association of Canada please come forward? Just to give you a heads-up, it appears that there may be a vote, so we may have to suspend if the vote bells do ring for us.

Mr. Michael McSweeney: I look forward to getting 20 minutes, then.

The Chair (Mr. Dave Smith): If you could introduce yourself, your time will start.

Mr. Michael McSweeney: Hi. Michael McSweeney, president and CEO of the Cement Association of Canada. Thank you very much, Mr. Chair, for this opportunity to present our perspective on Bill 4, the Cap and Trade Cancellation Act.

The Cement Association of Canada represents Ontario's cement industry: LafargeHolcim in Bath, Ontario; Lehigh Hanson in Picton; St. Marys in Bowmanville and St. Marys, Ontario; CRH in Mississauga; and Federal White in Woodstock. We are a vital participant in Ontario's economy and together we strive to maintain a sustainable industry as well as promote and advance the economic, environmental and societal benefits of building with cement and concrete.

Our industry generates over \$25 billion worth of economic activity in Ontario, and we employ over 54,000 Ontarians in good-paying and union jobs. And since concrete is a local product, jobs in our industry support families and economic development in communities all across the province.

Ontario is home to 285 ready-mixed concrete plants, 20 precast plants, 11 concrete pipe plants and six cement plants.

Concrete is the world's most important building material. You may think that I make a bold claim, but consider that twice as much concrete is used as all other building materials combined. In fact, concrete is the second-most-consumed commodity in the world after water. For every woman, man and child, globally, three tonnes of concrete is consumed each year. Virtually all construction projects, above and below ground, need concrete. It is literally the foundation of economic development and prosperity in our economy.

The CAC is active across Canada and has a strong track record of working with governments. I've been active in public affairs for over 40 years. The one thing that I've learned is that respecting elected governments' mandates to govern is the cornerstone of a productive and collaborative relationship. In this respect, the CAC works hard to align its agenda with the agendas of sitting governments and to focus on areas where we can make progress together.

No issue exemplifies this approach better than our work across the country on climate change. As you will well appreciate, the cement association was an active stakeholder in the development and design of the previous government's climate action plan, including the cap-and-trade system. As a sector that exports 40% of its production to the United States, we worked hard to ensure that the cement industry could remain competitive in Ontario under that plan while helping identify opportunities for emission reductions here in Ontario.

On June 7, Ontarians chose a new government, elected in part on a promise to deliver a new approach to addressing climate change, including the cancellation of

cap-and-trade. It is now incumbent upon our association to work with Ontario's new government to help forge a new and effective climate plan that doesn't place the burden of increased taxes on taxpayers.

Our industry is a leader in reducing GHGs. We have voluntarily reduced GHG emissions by 20% since 1990. Despite this progress, we know more can be done and more needs to be done. We just need the right operating framework here in Ontario.

We appreciate that the new government may be considering new emission performance standards for industry, and we look forward to working with the government on the design of those standards—

The Chair (Mr. Dave Smith): Mr. McSweeney, I'm afraid I have to interrupt you. You have six minutes and 24 seconds. We're going to have to suspend because of the vote, but we will return.

Mr. Michael McSweeney: Perfect.

The Chair (Mr. Dave Smith): We will suspend until the votes are over.

The committee recessed from 1632 to 1706.

The Chair (Mr. Dave Smith): Thank you very much for your patience. I appreciate it. We will begin the committee meeting again.

Mr. McSweeney, you have six minutes and 24 seconds.

Mr. Michael McSweeney: Thank you very much. My focus here today is not to speculate on what regulatory design the province will come up with in the next few months. But I wanted to share with you a few simple examples of changes that the government could implement immediately to unlock significant GHG reductions at no cost to the taxpayer.

The first opportunity I'd like to discuss is the substitution of fossil fuels, or coal, used to heat our cement kilns with lower-carbon alternatives.

Reducing coal through fuel switching is recognized globally as the most important near- and mid-term opportunity to reduce greenhouse gases from the cement sector. In many jurisdictions around the world, cement manufacturers have successfully substituted well over half of their fossil fuels with zero- or low-carbon alternatives such as construction demolition waste, agricultural waste and non-recyclable plastics. These fuels can help cut GHG emissions at cement facilities by over 20% at no cost to the taxpayer.

Achieving this same level of intensity of reductions across Canada would reduce direct CO₂ emissions from cement facilities by almost two million tonnes, and about 500,000 tonnes here in Ontario alone annually. It would support local jobs by directing operating dollars away from coal imports and toward locally sourced jobs producing those fuels. It would also keep some 2% or 3% of Ontario's non-recyclable waste from ending up in landfills, without compromising, and in fact enhancing, waste reduction and recycling goals.

Finally, waste-derived low-carbon fuels can be cost-competitive without coal, meaning that emissions reductions can be achieved without increasing our operating costs and dampening the competitiveness of our sector.

Ontario has amongst the lowest low-carbon fuel substitution rates in Canada, and Canada as a whole lags far behind other comparable jurisdictions around the world. The biggest obstacle to fuel substitution in Ontario is regulatory red tape.

While Ontario's fuel regulations and permitting processes are ostensibly about protecting Ontario's clean air, in a perverse way they encourage more GHGs. Instead of focusing on what comes out the emissions stack, government focuses on reducing or managing the fuel that goes into the kiln to make the cement. A more streamlined approach is desperately needed.

For example, in Vancouver, Metro Vancouver uses a notification system rather than an environmental compliance approval model when approving low-carbon fuels. A company is given 15 business days' notification that they are going to perform a test burn. The company is given 96 hours to run a test, and a third party performs the stack test and measures the air emissions. If all air emissions are below what is permitted, the company can seek an amendment to their permit and use those fuels on an ongoing basis.

This is a science-based and a risk-based approach that rightly focuses on what comes out the emissions stack, rather than focusing on what fuels we use to make our cement. We would recommend this approach here in Ontario.

Our second proposal relates to the government's role in accelerating the adoption of a lower-carbon cement. Our sector recently introduced Contempra, also known as Portland limestone cement, to the Canadian market. When you use Contempra, emissions are reduced by 10%. GHGs are reduced by 10% compared to regular cement, without any compromise to the concrete's strength and durability. Using Contempra could avoid 300,000 tonnes of GHGs in Ontario alone and almost one million tonnes across the country. Most importantly, Contempra comes at no extra cost to the taxpayer.

All cement companies across Canada can produce Contempra, and it has been successfully used in Europe for over 30 years.

We are having difficulty trying to get the Ministry of Transportation to advocate for the use of this new cement. We have the Ministry of the Environment that wants to reduce GHGs, but we don't have other ministries in the Ontario government that see their role in reducing greenhouse gases. That's why we really welcome the red tape reduction exercise that is going on across the province.

My final recommendation has to do with new thinking about how to reduce GHGs from buildings and infrastructure while increasing value for the taxpayer. Here in Ontario, at provincial Legislatures across the country and on Parliament Hill, our sector has been strongly advocating for what we call a "three-screen" life-cycle-based approach to infrastructure. We're spending a lot of money on infrastructure in Ontario. What we should be doing is changing our procurement processes to use life-cycle costing. Let's have a philosophy of, "Build it once. Build it right. Build it to last." The new Gordie Howe bridge, for

example, in Windsor-Detroit, is a bridge that will last from 150 to 200 years. Why are we building other bridges in Ontario that will only last for 75 years? We need to take a life-cycle costing approach for all infrastructure decisions.

Secondly, if you build a building or any infrastructure, you should look at a climate lens. Build with the lowest-carbon-footprint material. We have steel in Canada. We have wood in Canada. We have concrete and cement in Canada. We should never be importing cement, steel or wood from other countries. You have to remember that we need to keep jobs in Canada and we have to reward the people who invest in Canada and pay the taxes in Canada. These are fundamental decision-making tools that underpin the capacity to direct infrastructure investments toward delivering maximum economic, social and environmental value.

In closing, by providing the examples—and I've provided them to you in writing as well—we want to demonstrate that the cement association is here to work with the new government in forging a new approach to the pressing issue of climate change.

Thank you for your time. I look forward to answering any of your questions.

The Chair (Mr. Dave Smith): Thank you, Mr. McSweeney. Ms. Khanjin?

Ms. Andrea Khanjin: Thank you for coming in today.

I was just gandering over your website. It stated that six of your member manufacturing companies—100% of all the six members produce the concrete here in Canada. Is that correct, that the majority of the members that you have that comprise your association provide the majority of the concrete in this country?

Mr. Michael McSweeney: There are two products. One is cement. Cement is produced in Canada. Cement is a component that goes into concrete. When you produce cement, it's like a baby powder, and it travels the world. We export 40% of Ontario's cement to the United States. When you take 10% cement and add it to sand, water and gravel, you get concrete. That can only travel 200 kilometres, or two hours, away. So there are two different products. One is cement and one is concrete.

Ms. Andrea Khanjin: The two different products that your members supply—would it be correct to state that a lot of those are involved in building homes and a lot of that infrastructure in Ontario?

Mr. Michael McSweeney: Nothing gets built in Ontario without some form of concrete, whether it's residential or commercial or infrastructure, above and below ground.

Ms. Andrea Khanjin: With the introduction of cap-and-trade, did that not add incurred extra cost to the production of those elements?

Mr. Michael McSweeney: On the cement side, we were required to reduce our emissions by 4.57% per year. Then there was the trading side, which allowed us to purchase allowances to comply in the first compliance period.

Ms. Andrea Khanjin: But the cost of production increased?

Mr. Michael McSweeney: No. I don't think we found a production increase in the first couple of years that we were under the program.

Ms. Andrea Khanjin: So the cost did not increase.

Mr. Michael McSweeney: The cost of the product did not increase. The price elasticity of cement is very narrow, so you're not able to pass costs on to the consumer.

Ms. Andrea Khanjin: Okay. You were talking about investing in low-carbon materials and investing in those things in Canada, using wood, steel and cement but primarily using them in Canada rather than using exports. But if we have cap-and-trade in our province, in addition to the carbon tax backstop, a lot of those industries that could be providing the clean wood, steel and cement or housing—right now, Toronto is the fourth-hottest market in North America. My home riding of Barrie is the fourth-largest rental market, so it's impossible to rent. So if we're using those types of supplies to build, and there are these additional, like the cap-and-trade and the carbon tax, does that not affect our ability to use those materials in-house and build?

Mr. Michael McSweeney: Because 40% of our cement is exported, we wanted to make sure that Ontario had a framework that kept the cement producers competitive, especially since 40% of our cement goes to the United States. For example, if electricity rates are cheaper in Michigan, in Ohio, in Pennsylvania and in New York than they are here in Ontario, then we're not going to be as competitive. Today we compete on a low Canadian dollar, and businesses should never compete on a low Canadian dollar. We should compete because we're best in class.

Ms. Andrea Khanjin: The FAO just recently confirmed in their report that \$648 is how much the carbon tax is going to cost Ontarians. That's the equivalent of four extra electricity bills per household. When you quantitate that to electricity—and you've been talking about electricity costs—wouldn't it be more advantageous to all the consumers' household budgets and to small and medium-sized businesses, including your industry, to take that savings and give it back to the consumers and households?

Mr. Michael McSweeney: That's an interesting point I would have to reflect on further, but what I can tell you—

The Chair (Mr. Dave Smith): I'm sorry; we've come to the end of questions.

Mr. Tabuns?

Mr. Peter Tabuns: Thank you very much for being here. I appreciate it.

In your presentation you talked about the use of this lower-CO₂-emission cement, Contempra, running into problems with the Ministry of Transportation. Can you explain the reasoning that you've been given as to why the Ministry of Transportation won't use lower-CO₂-emission cement?

Mr. Michael McSweeney: I generally say it's because the engineers who work at MTO have been there an awful long time and are not open to new ideas. Six years ago, they required us to do a three-year trial on this new cement on the 401. We did the three-year trial. It finished three years ago, and they still have not moved to— and we've

won the last 10 bids on concrete roads in Ontario. When they choose to build with concrete, they still will not choose to use the new cement universally in concrete pavements.

Mr. Peter Tabuns: It's weird. They won't allow use of this Contempra for sulphate exposure environments? First of all, can you tell me where those are? Secondly, is the reason that they're declining to use it the same as the one you've just cited?

Mr. Michael McSweeney: There are a few sulphate soil areas in Ontario—very few. We've spent \$1.8 million between the national science and research council, CSA and the Cement Association of Canada. We've worked for about eight years on this project. In June of this year, CSA said general use cement and Portland limestone cement are equal; there should be no distinction.

The fact of the matter is, in about two years this new cement will be the only cement supplied in the market. We're just trying to get government and the private sector to start using the cement today. The new cement has 50% market share in Vancouver today.

Mr. Peter Tabuns: I've heard about the use of CO₂ being entrained in cement as a way of using the cement as a carbon sequestration medium. Are you familiar with that? Is that something that's being done here? Is that part of the secret to Contempra?

Mr. Michael McSweeney: We have a great technology pioneered here in Canada called CarbonCure, out of Halifax, Nova Scotia. What they do is, they take CO₂, inject it right into the concrete. It makes the concrete even stronger, and you're able to reduce cement by 3% to 5%. If you don't use as much cement, you don't make as much cement, which means you have less greenhouse gases. It really is a great technology. Our industry is working with CarbonCure today to work out the efficiencies of it and to see if there are any proofing points that still need to be proved out.

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Mr. Peter Tabuns: So at this point, those two technologies are the most advanced on a global scale in terms of low-carbon cement; is that correct?

Mr. Michael McSweeney: We are also working with St. Marys in St. Marys, Ontario, where they are taking the CO₂ from the stack of the cement kiln and feeding that to algae. When the algae are grown, we kill the algae, press the algae and create biodiesel, and then we take the algae carcasses and use that as a fuel to make cement. That's in conjunction with Pond Biofuels.

Mr. Peter Tabuns: Okay.

The Chair (Mr. Dave Smith): I'm sorry. Mr. Schreiner.

Mr. Mike Schreiner: Thanks for being here today. I understand that Ontario's cement industries have one of the lowest GHG profiles of any cement industry in the world. If that's true, how can we leverage that in a globally competitive low-carbon economy?

Mr. Michael McSweeney: There are only two ways to reduce greenhouse gases in the production of cement. One is by making this new Portland limestone cement, where

you add 15% ground limestone at the end of the process; therefore, you're not using as much energy to create the cement. The only other way to reduce greenhouse gases is by replacing coal.

I have been begging the Ontario government for 11 years to help us reduce coal. If the Ontario government had as much verve as they did when they eliminated coal-fired electricity and had used that with us, we would not be on coal today. We need to reduce our coal.

To the parliamentary assistant: If we reduce our coal use and use zero- and low-carbon wastes, we have half of the CO₂ available. Therefore, the cost impact goes down dramatically. How do we get government not to be concerned with the fuel that goes in to make the cement but the pollutants that come out of the stack? We really need regulatory reform here, and I hope this is the government that's going to do it.

Mr. Mike Schreiner: Just to be clear, the biggest barrier has been regulations preventing you from adopting the kind of innovations you'd like to adopt?

Mr. Michael McSweeney: Adopting innovation that happens all over the world, from India to Africa to Europe to China to Japan to the United States. We're so far behind here in Canada, it's almost embarrassing.

Mr. Mike Schreiner: Is there anything about carbon pricing that would make your industry—

The Chair (Mr. Dave Smith): Thank you, Mr. Schreiner.

Mr. Mike Schreiner: Thank you.

The Chair (Mr. Dave Smith): Thank you very much for your presentation.

Mr. Michael McSweeney: Thanks, committee.

The Chair (Mr. Dave Smith): I'm sorry that we had to have an interruption in the middle of it.

Mr. Michael McSweeney: No, used to it—40 years.

ONTARIO WASTE MANAGEMENT ASSOCIATION

The Chair (Mr. Dave Smith): Could I have the Ontario Waste Management Association please come up? Please introduce yourselves. The clock will start when you start to introduce yourself.

Ms. Christine Hogarth: Just a point of order: I used the term "electrical cost"—not in this presentation; in the last presentation. It should have been a utility cost versus an electricity cost. I'd just like to correct my statement.

The Chair (Mr. Dave Smith): Thank you.

Mr. Mike Chopowick: Good afternoon. My name is Mike Chopowick. I'm director of policy and communications for the Ontario Waste Management Association. Chair and members of the committee, thank you for inviting us to be a part of this important discussion today.

Just a little bit about us first: The Ontario Waste Management Association is a non-profit-sector association. We represent 275 public and private sector waste management organizations. That includes a lot of regional and municipal waste management departments as well as

private sector companies that collect garbage and recycling, that operate landfills, and that handle and process hazardous waste, organics, composting and recycling facilities. OWMA's members manage about 85% of Ontario's waste needs. Across the public and private sectors, we have about 14,000 employees.

Ontario's waste sector is, and has long been, strongly committed to environmental sustainability and mitigating greenhouse gas emissions. Based on its requirements to establish a climate change plan that fosters positive economic outcomes and to wind down the cap-and-trade program in a fair and orderly manner, OWMA supports the provisions in Bill 4, the Cap and Trade Cancellation Act.

OWMA also supports the provisions in Bill 4 under sections 4 and 5 that would allow for the continuation of Ontario's greenhouse gas emissions reporting program and the establishment of targets to reduce emissions in the province. It's also very important that this legislation require the government to make the emissions reduction targets available to the public through the release of regular, transparent progress reports.

The Ontario Waste Management Association is committed to working with the government of Ontario to design a plan to mitigate greenhouse gas emissions that meets both environmental and economic goals.

The waste sector has long employed strategies and technologies to reduce emissions. Some of those include the following:

- first of all, in transportation, through the adoption of low-carbon fuels in fleets and technologies that improve route and fuel efficiencies;

- we operate many facilities throughout the province, and we can achieve further efficiencies through energy conservation projects;

- recycling and reuse processes that reduce the need for raw material extraction, refining and manufacturing, which in turn would reduce greenhouse gas emissions;

- aerobic composting of organic waste that prevents the emission of methane;

- energy from waste facilities that reduce methane emissions and displace the use of fossil fuels; and

- all major landfills in Ontario now include landfill gas capture systems that reduce methane emissions.

Landfills also act as effective carbon sinks. Some of the carbon from organic food, paper and wood waste is not degraded; it's permanently stored or sequestered within the landfill. As well, some landfill facilities in the province also beneficially reuse methane by processing it into renewable energy, displacing the use of other fossil fuels.

I think my main point is that we've already made a lot of progress in our sector. This was long before the cap-and-trade program. We'll continue to make a lot more progress and achievements.

Today, more than 95% of Ontario households have access to curbside recycling, and we have a residential recycling rate of 63%. When you take Ontario's diversion programs for printed paper and packaging, used electronics, and household hazardous waste, it results in a

reduction in greenhouse gas emissions of about 2.2 million tonnes of CO₂.

On the composting and organic waste side, we're currently mitigating emissions of CO₂ equivalent by about 1.6 million tonnes through current organics diversion activities.

Future opportunities for increased landfill gas capture, recycling and organic waste diversion rates can further help the province meet its emission reduction targets.

The OWMA also supports provisions in Bill 4 that provide for an orderly and transparent wind-down of the cap-and-trade charges, and we strongly recommend a responsible and fair framework for compensation that minimizes the impact on former program participants.

As part of this wind-down, the government should also honour arrangements where contracts have already been signed and orders have already been made for energy conservation projects. Deadlines for completing work under previously approved funding programs should be carefully considered to ensure that a reasonable transition period is provided.

A lot of the things I mentioned—waste diversion, recycling, and landfill gas capture systems—all result in reduction in greenhouse gas emissions. Of course, they all come at a cost as well. This is just an example. Under the cap-and-trade program, the purchase allowances on diesel fuel alone: Ontario has a fleet of about 3,650 waste collection vehicles that travel about 146 million kilometres a year, and that extra cost from the cap-and-trade program increased industry costs by \$8 million a year. That's just one example.

We recommend development of a climate change plan under Bill 4 that would include input from the waste management sector on innovative solutions that would reduce greenhouse gas emissions while fostering a positive climate for investment in Ontario.

Just to quickly summarize, the Ontario Waste Management Association supports the creation of a climate change plan with established targets to reduce greenhouse gas emissions, and we look forward to working with the government to help develop and implement its new plan.

Other policy changes such as the following can help the province build a more sustainable waste management model and reduce emissions further:

- the continued transition of waste diversion programs for hazardous waste, used tires and used electronic waste under the oversight of the Resource Productivity and Recovery Authority, known as RPRA;

- a reduction in the length, costs and uncertainty that currently weaken the approval process for urgently needed, safe and environmentally sound landfill capacity to accommodate the eight million tonnes of waste that is disposed of in Ontario each year;

- a policy framework that maximizes material and energy recovery from waste generation; and, finally

- the development of a policy framework for organics diversion that drives the most efficient and cost-effective results, including reducing red tape for approving the construction of new organics diversion facilities.

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With an effective policy framework and an improved regulatory environment, Ontario can reduce emissions and harness the full benefits of environmentally sound waste diversion and disposal as an economic driver. Thank you for considering our recommendations.

The Chair (Mr. Dave Smith): You're finished with your presentation?

Mr. Mike Chopowick: Yes. Thank you, Chair.

The Chair (Mr. Dave Smith): Mr. Glover or Ms. Bell?

Mr. Chris Glover: You were talking about capturing landfill gas. Do you have any numbers on that?

Mr. Mike Chopowick: No. We do know that landfill gas right now is probably responsible for emitting about eight million tonnes of CO₂, and that's a large portion of the waste sector in general. But as far as the impact of landfill gas capture systems, I'm sorry; I don't have that data right now, but I can provide it.

Mr. Chris Glover: And is there methane coming off that as well?

Mr. Mike Chopowick: Yes. Methane gas is emitted from most waste management activities because of the presence of organics within the waste, which is why OWMA supports efforts to increase organics diversion.

Mr. Chris Glover: Right. Okay. And you mentioned that cap-and-trade was costing \$8 million a year—

Mr. Mike Chopowick: Just on fuel.

Mr. Chris Glover: Just on fuel. Was there an incentive in the program to change to some other fuel type or to make more efficient trucks?

Mr. Mike Chopowick: Yes, there were incentive programs, but that was an additional cost. I don't know if it was offset that much by the incentives.

Mr. Chris Glover: Is there a less carbon-heavy—

Mr. Mike Chopowick: Not for waste management vehicles. Yes, there were incentives for standard private vehicles, but most waste collection trucks are large diesel-fuel vehicles that have to carry heavy loads. Each truck travels about 40,000 kilometres a year, so they have to be—

Mr. Chris Glover: Okay. And is there a less carbon-intensive way of transporting the waste?

Mr. Mike Chopowick: Well, not right now. Again, our industry is actively pursuing technologies and means of reducing fuel consumption. Realistically right now, we're not there.

Mr. Chris Glover: Okay.

The Chair (Mr. Dave Smith): Ms. Bell.

Ms. Jessica Bell: Thank you for your presentation. Do you have a recommendation for what established GHG reductions there should be in a future climate plan?

Mr. Mike Chopowick: As far as specific targets?

Ms. Jessica Bell: Yes. I see here you don't identify specifics.

Mr. Mike Chopowick: Well, no, we don't have any specific targets. We do know, for example, that if we expanded organics diversion in Ontario the way we already have, we could possibly reduce emissions by over a million tonnes just from that practice. We do have

potentials in other parts of our sector, but we haven't been able to confirm any specific targets as of right now.

Ms. Jessica Bell: Could you elaborate a bit on some of the barriers that are limiting the development of new organics diversion facilities?

Mr. Mike Chopowick: The biggest barrier is red tape. We know, for example, that the previous government wanted to set targets within two or three years from now for increasing organics collection and diversion. However, the provincial government's own process for approving these facilities can sometimes take eight to 10 years. Right across our sector, we are willing to invest in new capacity in recycling, in composting, in organics diversion, and also to expand much-needed landfill capacity. The biggest barrier is red tape and approval delays.

Ms. Jessica Bell: An additional question I had: Do you have an indication of how much your sector has spent purchasing credits that you are now out of pocket for?

The Chair (Mr. Dave Smith): I'm sorry. We don't have time to let you answer that question.

Mr. Schreiner?

Mr. Mike Schreiner: Thanks for being here today. I really appreciated your presentation. One of the debates out there in the world is, what's the most cost-effective way of reducing pollution? Is it taking a more regulatory approach or a more market-based approach? Does your industry have a preference of how you think we should approach that as a province?

Mr. Mike Chopowick: Like I said, for almost two decades now we've been pursuing strategies to reduce greenhouse gas emissions and improve environmental sustainability. Quite frankly, we were doing that long before anyone was ever talking about a cap-and-trade program simply because—I know this sounds like a cliché, but a lot of our members are doing this for the right reason. First-hand, we see the fact that we are running out of capacity; we are running out of landfill space in Ontario. We don't want our land and water damaged by unnecessary waste, so a lot of our members have actively been pursuing, on their own, businesses and strategies to recycle, to reuse, to compost and to capture energy and emissions from our sector. And we're going to continue to do that.

Mr. Mike Schreiner: Great. Does your industry see opportunities in taking organic waste and using it to produce renewable natural gas?

Mr. Mike Chopowick: Yes, those opportunities are there. Of course, like I mentioned in my submission, the flip side of this is there are costs to that. So of course, all the things I mentioned—recycling, the green bin program, things like that—do have large costs. But, of course, as we progress as a sector and improve innovation and improve technologies, it's possible those costs would come down.

Mr. Mike Schreiner: Would regulatory changes help lower those costs?

Mr. Mike Chopowick: I don't know of any specific actions that would lower the costs. I think certainly we do need a regulatory framework—

The Chair (Mr. Dave Smith): I'm sorry, we've run out of time there.

Mr. Sandhu.

Mr. Amarjot Sandhu: Thank you for the presentation. First of all, I appreciate all the work your association does representing the waste management and recycling sector. Your association's position is that the entire waste sector is strongly committed to environmental sustainability and reducing greenhouse gas emissions.

Mr. Mike Chopowick: Yes.

Mr. Amarjot Sandhu: By supporting this bill, do you believe that cap-and-trade was an ineffective program, and could you please elaborate?

Mr. Mike Chopowick: I think the answer to that is, we support the creation of a climate change plan, as the Minister of the Environment has announced. I think one thing that was lacking under the previous government was actually incorporating a lot of strategies within waste management that achieved diversion rates and also reduced greenhouse gas emissions just from waste management alone. We're one of many sectors. Waste management in total is probably responsible for about 5% or 6% of greenhouse gas emissions in Ontario, but we're willing to do our part. We hope that the climate change plan being developed incorporates a lot of our recommendations.

Mr. Amarjot Sandhu: That's great to hear. In 2016, the Auditor General's report stated that Ontario's cap-and-trade program will not significantly lower emissions and that likely less than 20% of reductions required to meet the province's 2020 target will be achieved in Ontario.

Mr. Mike Chopowick: Yes, that's something that we did point out to the previous government. Our industry is an example of one that, despite any carbon price or cap-and-trade program, really can't adjust its behaviour accordingly. There are 12 million tonnes of waste generated in Ontario every year. We can't control that. Our members have to actually go out in trucks on every road in Ontario, collect it and process it or landfill it or recycle it. We can't adjust that activity, so anything that increases our costs—for example, our fuel costs or our energy costs—is simply something we have to pass down to residential, business and institutional customers.

Mr. Amarjot Sandhu: With more and more extreme weather conditions in Ontario, do you believe there needs to be more done in terms of mitigation and—

Mr. Mike Chopowick: Yes, we strongly support efforts to mitigate greenhouse gas emissions, not just emissions but all aspects of pollution and environmental harm I think are things we need to address.

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Mr. Amarjot Sandhu: That's good. In your presentation, one thing you mentioned is that your organization is interested in joining an advisory panel. In your view, what would that look like and what would you like to see accomplished?

Mr. Mike Chopowick: Well, I think, as part of that, we would actually want to look at targets—as was asked of me before—setting actual targets for reductions and then

creating recommendations. For example, we would be able to provide recommendations in the waste sector for practices in waste management that would contribute to meeting those targets.

Mr. Amarjot Sandhu: Thank you so much. I don't have any—

The Chair (Mr. Dave Smith): Ms. Khanjin.

Ms. Andrea Khanjin: I just want to follow up. You talked a lot about resiliency and mitigation in your report, and the Blue Box Program. All of these initiatives that can be done to reduce greenhouse gas emissions and improve our environment can all be done as separate policy initiatives outside of cap-and-trade, correct?

Mr. Mike Chopowick: Well, that's a good example. For example, the green bin program: I mentioned how organics diversion reduces greenhouse gas emissions, but not all municipalities have a green bin program, either for cost or other resource issues. If we looked, for example, at ways of expanding that program, that would be one way that we could help achieve these environmental targets.

The Chair (Mr. Dave Smith): Thank you. We've come to the end of the time for this presentation.

PEMBINA INSTITUTE

The Chair (Mr. Dave Smith): Our next group up is the Pembina Institute. If you could come to the table and introduce yourselves, the clock will start when you start to speak.

Ms. Lindsay Wiginton: Thank you, Chair, and thank you to the members of the committee for having us here today. We at the Pembina Institute appreciate the opportunity to share our views on Bill 4 and provide some thinking on what Ontario's next climate plan could include.

My name is Lindsay Wiginton. I'm the managing director of transportation and urban solutions here in Toronto at the Pembina Institute's offices. I'm here with my colleague Robin Edger, director of Ontario climate policy.

The Pembina Institute is a Canadian think tank that's working to solve today's greatest energy challenges: reducing the harmful impacts of fossil fuels while supporting the transition to an energy system that is clean, safe and sustains a high quality of life. We provide our expertise to industry and government leaders and we advocate for a strong, science-based approach to policy, regulation and environmental protection. We've been operating here in Ontario since 2001 and since that time have deeply engaged in conversations in this province about green energy, land use planning and transportation.

In our remarks today, we're going to cover two main topics: First is the cancellation of cap-and-trade, and second is the development of a new climate plan for Ontario. I would also like to refer you to our submission, filed to the online portal of the Environmental Registry last week, from which our comments today are drawn. We have circulated paper copies to the committee and would be happy to answer questions on any of the information in that document as well.

We know that it shouldn't be free to pollute. There is a real cost to the environment and to our health from pollution, which leaves the air, water and land less clean for everyone. The development of a new climate plan offers a significant opportunity to put forward a concrete set of measures to protect Ontarians' health and prosperity by reducing harmful carbon pollution while at the same time promoting good jobs and more affordable lifestyles for people.

Although the Pembina Institute does not support the government's decision to cancel the cap-and-trade program, particularly before having put forward an alternative to tackle what is one of the most pressing issues for Ontarians, we are encouraged by the commitment in the proposed Bill 4 to establish new carbon pollution reduction targets and a climate change plan, as well as to report on the implementation of this plan.

As we'll discuss over the next few minutes, there are several options to take bold steps to tackle the big pollution sources in Ontario, and we look forward to working with the government on these objectives.

With that, I'll pass it over to Robin to discuss this in greater detail.

Mr. Robin Edger: Thanks, Lindsay. Mr. Chair, I also thought it was "Pembina" before I started working here. It made for an awkward start to my job interview.

The Chair (Mr. Dave Smith): Thank you.

Mr. Robin Edger: My name is Robin Edger, and I am the director of Ontario climate policy at the Pembina Institute.

The Ontario cap-and-trade system ensured lowest-cost pollution reduction while encouraging business innovation. The dollars collected from polluters went into programs to reduce carbon pollution, including to homeowners for retrofits to save on energy bills and companies for truck retrofits. The revenue funded infrastructure Ontarians want and need, like transit and cycling infrastructure, that also reduced carbon pollution.

The Ontario government's decisions to withdraw from the Western Climate Initiative carbon market, oppose federal carbon pricing plans and cancel hundreds of planned clean energy projects have put our ability to meet our international commitments at risk.

The Paris agreement was an historic achievement. It was adopted by 195 countries that are working towards the common goal of "holding the increase in the global average temperature to well below two degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change." Beyond two degrees Celsius, we risk dramatically higher seas, changes in weather patterns, and food and water crises.

Under Paris, Canada's commitment to the international community is to reduce carbon pollution by 30% below 2005 levels by 2030. A recent report, however, released by the United Nations Intergovernmental Panel on Climate Change warns that temperature increases should be limited to 1.5 degrees Celsius to protect the most vulnerable

regions and said that we have 12 years to make the necessary changes to avoid catastrophe.

This report from the IPCC is a thunderous call to action for governments to take ambitious action to scale up the energy transition to avoid reaching the threshold of 1.5 degrees Celsius above pre-industrial levels.

To achieve this goal, according to the authors, carbon pricing, direct regulation and public investment to enable innovation are critical. A price on carbon is increasingly the norm around the world. Over 70 jurisdictions are applying a price on carbon.

Ontario's backsliding on climate will cost business billions, add millions in consumer costs and will forgo thousands of jobs and muddy its overall investment outlook.

As you know, Ontario held its first cap-and-trade auction in March 2017 and linked the system with California and Quebec through the Western Climate Initiative carbon market in January 2018. Two joint auctions were successfully held, selling out all available allowances in February and in May 2018, demonstrating a high level of future confidence in the system. All told, the individual and joint auctions generated over \$2.8 billion for Ontario.

When the newly elected government pulled out of the WCI carbon market without the required notice, the market had to close off the rest of the market to trades from Ontario businesses, meaning Ontario businesses that held credits had no one to sell them to.

In July, as the government was pulling out of the WCI carbon market, it was also cancelling more than 750 early-stage wind and solar energy contracts. The Canadian Solar Industries Association estimates the cancellations will cost Ontario 6,000 jobs and around \$500 million in expected investment.

As you are all aware, the Financial Accountability Office released a report yesterday that said that, over the next four years, the province's bottom line will take a \$3-billion hit because of the government's decision to cancel the carbon pricing market. The shortfall is due to a drop in revenue, the \$5 million in announced compensation costs to offset businesses affected by the change, and the costs to wind down the program.

As an example, the FAO showed that part of the shortfall comes from the \$600 million it will cost to wind down the programs funded by cap-and-trade revenue, such as the energy retrofit program. These are just costs to the treasury. There are also costs to people and businesses from this decision.

While the government has said that they will use \$5 million to compensate certain companies for some of their losses due to the cancellation of the cap-and-trade program, that means less than 1% of the credits bought by companies are being reimbursed. Just as the government said they expected, a majority of the companies not being compensated have already passed on those costs to consumers.

The government was saying yesterday that the FAO report confirmed that the cancellation of cap-and-trade will save the typical household \$264 and save taxpayers

\$1.3 billion this year alone. We'd just like to dig into those numbers a bit more.

First, the \$264 figure is the estimate of higher costs passed on to consumers by the largest emitting companies. This figure does not take into account any benefits that households accrue due to the programs funded through cap-and-trade revenues that have now been cancelled. A household receiving \$14,000 back on the purchase of an electric vehicle probably won't miss that \$264.

The \$1.3-billion figure is the amount the government is saving through not spending on emissions reduction programs entirely funded out of cap-and-trade revenues. So, just for clarity, that isn't net savings for taxpayers; that's just program spending that was fully funded that's no longer happening.

In the absence of provincial action, we welcome the Canadian government's leadership in moving forward to ensure that a price on pollution is applied across the country by January 2019. Should Ontario not take the option of designing its own carbon pricing system, we support the federal government's application of the backstop.

While we are disappointed in the Ontario government's actions with regard to cancelling the cap-and-trade program, we are encouraged that the government has committed to establishing new greenhouse gas reduction targets and developing a new climate change plan that will complement the application of a price on carbon by the federal government. The development of a new climate plan offers a significant opportunity to put forward a concrete set of ambitious measures to protect Ontarians' health and prosperity by reducing harmful carbon pollution while promoting good jobs and more affordable lifestyles for people.

Ontario depends on importing fossil fuels for 80% of our energy needs, draining \$11 billion out of the province every year and making us vulnerable to international price fluctuations.

The upcoming climate plan offers a significant opportunity to reduce this outflow of money by investing in clean energy and technologies that generate profits and jobs right here at home, in addition to reducing carbon pollution. In this new plan, the government must set long-term and interim targets for carbon pollution reduction consistent with the global target of limiting the global average temperature rise to two degrees Celsius and pursuing efforts to limit the temperature rise to 1.5 degrees Celsius.

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To complement an economy-wide target, the government should also adopt sectoral targets. There are three broad policy tools available to government to reduce carbon pollution. The first is regulating specific actions that result in reducing carbon pollution; the second is financial investment in innovation or deployment of technology and infrastructure that reduce carbon pollution; and the third is putting a price on carbon that results in market-based reductions to carbon pollution.

Ontario's climate plan must also consider Ontario's current carbon pollution profile and take decisive action to

tackle the biggest sources of carbon pollution in Ontario: transportation, industry and buildings. The government should consider regulations and investments that result in carbon pollution reductions for these three sectors.

We were also pleased to hear the government announce the intention to create a carbon pollution reduction fund to support actions in the climate plan. For financial investments, the government should consider using this carbon pollution reduction fund and future public infrastructure funds in a coordinated way to make targeted investments to reduce pollution while supporting a healthy economy.

Additionally, the \$1 billion in revenues that the government has in its coffers from the cap-and-trade auctions represent a significant opportunity to advance climate action in Ontario.

I'll pass it back to Lindsay to explain our thoughts on this new climate plan.

Ms. Lindsay Wiginton: Thanks. Just briefly, as Robin highlighted, transportation is the biggest source of carbon pollution in Ontario, at over one third. Most of that pollution comes from on-road, so cars and trucks. In contrast to other sectors, emissions from transportation have been growing rapidly, much of which is a result of the freight sector, so increases in trucking—

The Chair (Mr. Dave Smith): Thank you. We've come to the end of this portion.

Mr. Schreiner.

Mr. Mike Schreiner: Thanks for being here today. I really appreciated your presentation.

You outlined three tools that government has to reduce pollution: pricing pollution, regulating, or direct investment. Which do you think is the lowest-cost solution of those three?

Mr. Robin Edger: I think you know the answer. I'm not an economist and I don't claim to be, but the consensus is that carbon pricing allows the market to decide for itself how to respond to the price signal and, in so doing, is the most efficient.

Mr. Mike Schreiner: Do you think that's why most Conservative economists support it, because it is the lowest-cost solution?

Mr. Robin Edger: Yes, I do.

Mr. Mike Schreiner: You talked about transportation emissions and the growing emissions in the freight sector in particular. Do you have any strategies for how we can reduce freight emissions?

Ms. Lindsay Wiginton: Yes, absolutely. Actually, we were pleased to see the announcement from the government—last week or the week before—that accompanied the cancellation of the Drive Clean program. There was a proposal to redesign emissions testing enforcement for heavy-duty vehicles, and I think this is a great start.

One of the things that's important to know about trucking is that the emissions from trucks are especially strong in what's called NO_x and SO_x, which are pretty serious for health and air pollution. There are a number of things that can be done in that sector. There really are technologies that are becoming available to have low- or zero-emissions heavy-duty vehicles on the road. That

technology is more ready, actually, for things like transit buses. So something the government could be doing would be incentivizing the uptake of those kinds of buses, which could then, in turn, stimulate markets for other types of lower-emissions heavy-duty vehicles.

There are also opportunities to reduce emissions from freight through good land use and transportation planning, so making sure that where we're planning warehousing and where we're planning waste facilities is matching the kinds of transportation infrastructure that we have.

Mr. Mike Schreiner: For instance, electrifying our GO bus fleet—

The Chair (Mr. Dave Smith): Thank you, Mr. Schreiner.

Ms. Khanjin.

Ms. Andrea Khanjin: Hi. When I saw that you were coming before committee, I couldn't help but remember that a former Minister of the Environment works for your institute. I just wanted to know if he's still there.

Mr. Robin Edger: He's not.

Ms. Andrea Khanjin: He's not. Do you know why he left?

Mr. Robin Edger: I think the conversation we're having today is too important to get into—

Ms. Andrea Khanjin: I just wanted to know if he had any opinions on some of the institute's initiatives. Just reading your report, you had a few clean energy initiatives that could be implemented, so I wanted to know if he played a role in any of it.

Mr. Robin Edger: Sorry, what was the question?

Ms. Andrea Khanjin: In your report, you talk about clean transportation technologies and infrastructure. You were just mentioning the different types of trucking industry and cars on the road. Part of our platform commitment was investing in a lot of green technologies. Are you supportive of that, given the need for the transportation sector?

Ms. Lindsay Wiginton: Yes. I think one of the things we highlighted in here is that there's a real opportunity to dovetail infrastructure investments that this government has planned with the kinds of investments we would need to make under a climate plan, so we would absolutely support trying to integrate those and then using the emissions reduction fund in such a way that a proportionate amount of that would focus not only on transportation but largely on that because it is such an important source of emissions in Ontario.

Ms. Andrea Khanjin: Right. And the other thing you mentioned was other countries that have been opting in. Are you aware of the country that did opt out of the carbon tax?

Mr. Robin Edger: Sorry?

Ms. Andrea Khanjin: Are you aware of which country actually opted out of the carbon tax after executing it? They had the carbon tax and then they opted out of it. Are you aware of which country that is?

Ms. Lindsay Wiginton: I don't know which country that is.

Ms. Andrea Khanjin: Australia had the carbon tax and then they got rid of it because they realized it wasn't doing much to reduce greenhouse gas emissions. In fact, it raised the cost of everything. The Prime Minister of Australia actually came to Canada to say first-hand that they've tried this experiment, and it was a failed experiment, in their point of view.

Mr. Robin Edger: Yes, I don't claim any expertise on Australian politics. My understanding was that there was a change in government and that that was part of the platform of the incoming government.

Ms. Andrea Khanjin: It's interesting. You say you have no expertise in other governments when you've mentioned different countries in your report.

My follow-up question is that you were saying in the FAO report—you called it a \$3-billion hit and that families should be seeing the money that's being returned to them as a result of scrapping the cap-and-trade, but the Auditor General did put out a report saying that cap-and-trade wasn't doing anything to reduce emissions. So despite it not doing anything to reduce emissions, don't you think the government could focus on other policies that would actually be able to mitigate a lot of greenhouse gas emissions and do that resilience and mitigation strategy, as opposed to just taxing people and taking money out of their pockets rather than letting them take the environment into their own hands?

Ms. Lindsay Wiginton: Yes. On that note, I think one of the things that we've really highlighted in our submission is that there's this trajectory that we need to be on to mitigate the worst of the impacts of climate change on Ontarians, and there are a number of choices of how to get there. If we're not going to be doing carbon pricing or if there's going to be a scaled-back version of a price on carbon, then it means we're going to have to be more ambitious across regulations and investments. So there's going to need to be a process that takes place to figure out what that combination of policies is in order to really prevent the pollution that we need to prevent.

Ms. Andrea Khanjin: Just another follow-up question: In your report, you also mentioned that aside from research and development into clean technologies and whatnot, upgrades to homes and whatnot—couldn't all those initiatives be done outside of the cap-and-trade program?

Mr. Robin Edger: Yes, of course. We're not here to defend the previous government's cap-and-trade program; we are here to defend the concept of carbon pricing generally. The way that carbon pricing—

The Chair (Mr. Dave Smith): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: Thanks very much for your presentation today. On page 3 of your handout, one of the notes you made is that climate plans should not disproportionately or negatively affect lower-income and vulnerable households. Could you talk a bit about the mechanisms that should be in place to ensure that that's the case?

Ms. Lindsay Wiginton: Absolutely. I could start with transportation and maybe Robin could pick up on other things.

The government has a number of choices to make around how the emissions reduction fund will be applied, and that can definitely be done in such a way to disproportionately benefit low-income communities. Just as one example, investment in public transit provides options for people to not use their cars and also has been shown, in study after study, to disproportionately benefit low-income communities when it's well planned. That's just one example.

Mr. Robin Edger: Yes. I know that there was a recent report by the former director of policy to Prime Minister Harper that laid out a particular version of carbon pricing, a fee-and-dividend model, which showed that the vast majority of Canadians would receive more money than it cost them to have carbon pricing. I've seen reports that would suggest that it would cost about 12% of the revenues from carbon pricing to make the bottom 20% whole, so just to essentially pay them back. There are a million ways to design these things to make sure that vulnerable people aren't negatively impacted.

Mr. Peter Tabuns: Okay. Thank you.

Mr. Chris Glover: Much has been made of the report that says that carbon pricing was costing \$264 per family. How does that compare to the cost of the environmental damage that we're starting to see?

Ms. Lindsay Wiginton: Yes. Just a couple of statistics around the cost of climate change: The Insurance Bureau of Canada reported that four of the five highest yearly catastrophic disaster payouts occurred after 2010, from a span of 1983 to 2016, so we're seeing costs of damages increase really quickly. Ontario's heat wave in 2012 caused losses to local fruit production estimated by Environment Canada to be on the order of \$100 million, and we haven't even started to tally the costs of the over 900 forest fires that were blazing this year in Ontario. There are huge costs from the impacts of climate change, and I would speculate that that would be beyond, you know, potentially \$200—

Mr. Chris Glover: And will those costs of the environmental damage on a per-family basis be increasing?

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Ms. Lindsay Wiginton: I don't have specific statistics on that, but presumably as time goes on, those costs will become higher, especially if we choose not to invest in the infrastructure and policies we need now to prevent that.

Mr. Chris Glover: Okay. Thank you.

Mr. Peter Tabuns: We're fine.

The Chair (Mr. Dave Smith): Okay. Thank you very much, then. This would conclude this presentation.

CANADIAN TAXPAYERS FEDERATION

The Chair (Mr. Dave Smith): Next up is the Canadian Taxpayers Federation, if you could come to the table and introduce yourself. Your time will start when you start to introduce yourself. Thank you very much for your patience in going beyond 6 p.m.

Ms. Christine Van Geyn: Good afternoon. My name is Christine Van Geyn, and I am the Ontario director of the

Canadian Taxpayers Federation. We are a national non-profit with over 141,000 supporters across Canada, and our mandate is to advocate for lower taxes, less government waste and improved government accountability.

The issue of carbon taxes, including Ontario's cap-and-trade regime, is one of the top priority issues for our supporters. We have nearly 17,000 signatures on our petitions asking the government to repeal cap-and-trade and dismantle the Green Energy Act. A survey of our supporters following the June election found that 84% of them feel that eliminating Ontario's cap-and-trade regime is a priority, and 87% feel that challenging the federal government on their federally imposed carbon tax should also be a priority.

On behalf of the thousands of supporters that CTF has across Ontario, we thank you for Bill 4. Thank you for doing the right thing and for taking real, measurable action to make life in Ontario more affordable.

This afternoon I want to address a few specific points, including some of the comments we saw in response to yesterday's report by the Financial Accountability Officer.

First, yesterday's report showed that the government's decision to cancel cap-and-trade will save taxpayers billions of dollars over four fiscal years. He found that there would be \$7.2 billion less of a tax take by the government. In typical fashion, some politicians are calling this a multi-billion-dollar tax loss, but that money doesn't belong to politicians or to Queen's Park. If it's a loss to you, it's a gain for us, the taxpayers of Ontario, so we at CTF were thrilled to see that the government is no longer going to be taking this \$7.2 billion of our hard-earned dollars. Again, I say \$7.2 billion instead of \$3 billion because that's the actual reduced revenue projected by the FAO. The \$7.2 billion is the savings that will be felt by consumers and by businesses across Ontario. The much-touted \$3 billion is the number that represents the revenue hole that the government now needs to make up, and I will get to that as well. But first I want to point out what these tax savings mean to the people of Ontario.

Dan McTeague, a consumer advocate and senior petroleum analyst at GasBuddy, says that the savings to drivers alone will be \$4.2 billion in gasoline and diesel over the four-year period. This is something drivers want and need. Their burden was unfairly increased by the last government when cap-and-trade was imposed on them, and we're really thrilled to see that there's now some relief. There will be additional savings for propane and natural gas as well.

Last October, I toured across Ontario on a campaign to educate and engage Ontarians about affordability problems in this province, including what cap-and-trade is doing to make life more expensive. I visited communities in northern, southwestern and eastern Ontario, including a lot of small towns, and I heard from countless people in these communities about their concerns over cap-and-trade making life more expensive to heat their homes and to fuel up their cars. I heard from small business owners who felt like the government just doesn't care if they survive at all. Bill 4 is going to make things a little bit easier for these people.

I'd also like to address the FAO's comments about the impact Bill 4 will have on the province's deficit, because while there is a \$7.2-billion tax savings for us, we are concerned that without reducing spending, we'll be exacerbating an already massive deficit and add to our debt, which we'll be passing down to our children.

Eliminating cap-and-trade is unquestionably the right move for taxpayers, but the government must ensure that it is taking responsible measures to reduce spending commensurate with, and indeed greater than, their reduced tax take.

The FAO report noted in footnote 22 that the government in this fiscal year is continuing to spend \$500 million on undisclosed programs previously funded by cap-and-trade. We ask that the government tell us what this money is being spent on and provide a justification for the continued spending. You no longer have that money and you shouldn't be spending it like you do.

I'd also like to make some comments about the government's position on the federal carbon tax. As I mentioned, 87% of our supporters said that challenging the federal government's carbon tax should be a priority for this government, and we're pleased to see that this Premier is taking this action along with the Premier of Saskatchewan.

When the Premier was elected, he had a clear mandate to not just repeal cap-and-trade but also to challenge the federal government's plan to impose a carbon tax on this province. When he was still a candidate for leadership, the Premier signed a pledge with our organization—and, indeed, he signed it with me personally—that he would commit to both of these actions. It was a major theme in his campaign, and he has a clear mandate for it.

For the Prime Minister to impose this tax on a province when the voters have made their desires so clear is unconscionable. Politicians are elected by the people and should respect them.

I'd like to also address what the Ontario carbon tax means for the environment. Essentially, it means nothing. Some simple math illustrates the impossibility of Canada trying to stop climate change in the absence of coordinated worldwide action. A report released by the United Nations earlier this month—indeed, referenced by the earlier witnesses in this committee—suggests that global emission reductions of 45% by 2030 are needed in order to limit temperature increases to 1.5 degrees. This amounts to 24 billion tonnes globally, and Canada's share would represent 200 million tonnes, or 0.8%.

Securing 0.8% of global reductions is not worth punishing millions of Canadians and destroying Canada's economic competitiveness. These taxes ask Canadians to make massive and tangible sacrifices in their everyday lives, and not to save the planet but to achieve a mathematical rounding error that will be rendered meaningless in the highly probable event that most other countries do not follow suit.

The same UN report suggested a carbon tax of up to \$7,183, Canadian, per tonne is needed to achieve the desired result of limiting temperature increases to 1.5 degrees. A tax this size would mean filling up your car—

a 50-litre gas fill-up would cost \$834 in carbon taxes alone. Needless to say, if this is what needs to be done to stop climate change, Canadian taxpayers won't be doing it.

This is the problem when it comes to carbon taxes. Nothing is ever enough. The federal plan was for \$10 a tonne this year, increasing by \$10 a tonne every year until it's \$50 per tonne in 2022. And then what? Federal briefing documents show that to meet targets, Canada's carbon tax would have to go as high as \$300 a tonne by 2050. Even then, based on that UN report, it's still not enough to achieve any meaningful results for the environment. Additionally, no tax will never be high enough to satisfy the politicians who quickly become addicted to the revenue.

Yesterday, the president of the Ontario Liberal Party sent out a fundraising email based on the FAO report, in which he said that the billions of dollars in tax savings resulting from cancelling the carbon tax means less money for things like hospital repairs, medication and mental health. But the whole premise of cap-and-trade was that the revenue would be used to fund greenhouse gas reductions, not things like mental health, which the government already funds through general taxes. It was the whole basis for justifying the new cap-and-trade regime, and it was the justification for not rebating the money back to taxpayers directly. When it comes to taxes and new taxing powers, it's very difficult for us to take politicians at their word, and this is just an example of why.

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The federal government says it will rebate money back to Ontarians, and the FAO report says that Ontario taxpayers would be better off with a federal carbon tax than they were with cap-and-trade since, after all, the federal carbon tax rebates money directly to Ontario instead of funnelling it into subsidies so wealthy Torontonians can buy Teslas. But taxpayers are actually better off with neither. We still have no guarantee that Ontario taxpayers will receive these federal rebate cheques, and today's revenue-neutral carbon tax is tomorrow's tax grab. Just look at the story in British Columbia. Long touted as revenue-neutral, under the Clark government the carbon tax became a tax increase of about \$865 million. With the new coalition government in British Columbia, the term "revenue neutrality" has been abandoned altogether and the government is simply putting the money into general revenue.

This is how the carbon tax story goes. It's a bait and switch. Nothing is accomplished except an increase to government revenue. That's why we ask the government to move forward with Bill 4, repeal cap-and-trade and continue to fight the federal government's carbon tax.

I'm happy to take questions.

The Chair (Mr. Dave Smith): Thank you. Ms. Kusendova?

Ms. Natalia Kusendova: Thank you so much for that very eloquent presentation. As you've mentioned, we've been talking a lot today about the different models for putting a price on carbon. The BC model that you've

mentioned claims to be revenue-neutral but in fact added an additional \$865-million tax burden on British Columbians.

We've talked about the planned federal carbon tax dividend model which disproportionately punishes small businesses and creates an artificial wealth redistribution model, which will result in bigger government and more bureaucracy. It's not something that we as Conservatives can support, but perhaps the NDP has a different philosophy on that.

My question is about Ontario's cap-and-trade model. As an organization that represents over 117,000 taxpayers, do you think it is fair for Ontario families to continue to pay these harsh taxes in addition to the high gas costs at the pumps and the skyrocketing hydro bills?

Ms. Christine Van Geyn: Thank you. It's 141,000. Your number's a little old.

Ms. Natalia Kusendova: That's the one I got.

Ms. Christine Van Geyn: But no, we've heard from people across Ontario that they can't manage with increasing costs in all kinds of things: the increasing cost of housing, the increasing cost of electricity, which really skyrocketed and created an affordability crisis under the last government. People don't want to see the necessities of life continue to become more expensive. And let's be honest: We live in a province where, in the north in particular, people are spread out. People depend on their cars to get around. People can't change their lifestyles overnight, and the government expects them to pay a huge penalty for that. The people who support our organization are frankly fed up with being asked to pay more and receiving nothing more in exchange.

Ms. Natalia Kusendova: I think it's important to note, as you have alluded to, that Ontario constitutes only 0.02% of global GHG emissions. As a government, we understand that we need to do our part to preserve the environment for future generations. In fact, it was a Conservative Minister of the Environment who closed the very first coal plant back in 2005 in Mississauga. It was Elizabeth Witmer.

But in contrast, from a 2017 Huffington Post article, you quoted the Environmental Commissioner that the government of the day was "handing out free carbon credits ... worth up to \$720 million" to industries that pump out 40 megatonnes of emissions into the atmosphere. Can you explain further what your view is on how these credits were being handled, and what did that mean to the Ontario taxpayer?

Ms. Christine Van Geyn: Some of the problem that we have with cap-and-trade as a carbon pricing measure in general, though I prefer to call it a "carbon tax," is that the complexity of the system, first, means a lot of people don't understand or see the tax that they're paying. They don't see it as a separate line item on any of their bills. Second, it can be really easily manipulated by interested parties or people connected to the government to receive free credits, and it dilutes the entire market system. It was a big problem in Europe where the price of their carbon credits basically collapsed after the issuance of too many

credits as sort of special favours for preferred industry groups.

So while there are arguments that this is a market mechanism, it's a market that is created—the government creates an artificial demand for something and then creates the supply through regulation and then manipulates the supply. In no context is that a real market.

Ms. Natalia Kusendova: Your organization also released the 20th Annual Gas Tax Honesty Report. Can you share some of the highlights of that report?

Ms. Christine Van Geyn: Yes. Every year, we talk about how there are hidden prices on gas. Since cap-and-trade was cancelled, the percentage in price that is paid in tax at the pumps has gone down. I had the numbers yesterday, but off the top of my head—it used to be 30%; I think it's down to 25% now.

The Chair (Mr. Dave Smith): Thank you.

Ms. Christine Van Geyn: I can get you those numbers, though.

The Chair (Mr. Dave Smith): Unfortunately, you wouldn't be able to because the deadline to submit it was 6 o'clock. It's quarter after.

Ms. Christine Van Geyn: I'll tell you personally if you would like to know.

The Chair (Mr. Dave Smith): Mr. Glover?

Mr. Chris Glover: Thank you very much, and thank you for your presentation.

The last speaker was talking about how Canadians were responsible for 0.02% of the global carbon emissions, but we are among the top five carbon emitters per capita in the world. Should we take responsibility for our contribution on a per capita basis to global warming?

Ms. Christine Van Geyn: I don't think the planet cares about per capita global emissions. Per capita doesn't have an impact; it's really total emissions that have an impact. The per capita number is really sort of a false argument because it is irrelevant to the total global number.

Mr. Chris Glover: So if people are contributing to a catastrophe, which we are—we are all contributing to this global climate catastrophe—should we not—

Ms. Christine Van Geyn: I'd argue that moms driving their kids to soccer aren't a catastrophe.

Mr. Chris Glover: Can I finish my question, please?

Ms. Christine Van Geyn: Sure.

Mr. Chris Glover: Okay. So if we are, should we not reduce the amount that we are contributing on a per capita basis?

Ms. Christine Van Geyn: If people want to make individual choices that lead to different outcomes, they're welcome to do so. But the impact on the climate—there really isn't one. The argument that Canada is a bad per capita emitter ignores the fact that we live in a cold climate, ignores the fact that we live in a geographic region where it's spread out. It ignores the reality of people especially living in the north, where it costs more to heat their homes, it costs more to get around, to pick up groceries and to live their everyday life. Frankly, to call their lifestyle a catastrophe—

Mr. Chris Glover: Thank you.

Ms. Christine Van Geyn: —is hurtful to those people, who I speak with regularly.

Mr. Chris Glover: No, I didn't say their lifestyle was a catastrophe. I said that we're heading towards a climate catastrophe.

Ms. Christine Van Geyn: Their lifestyles are contributing to a catastrophe.

Mr. Chris Glover: We're all contributing. We are all on this planet contributing with all of our carbon emissions.

The other question I had: You said that in the absence of coordinated worldwide action, we are heading towards a climate catastrophe.

Ms. Christine Van Geyn: I said that the United Nations report—

Mr. Chris Glover: Should we be taking action on this or should we just let the catastrophe happen and then try to deal with it?

Ms. Christine Van Geyn: The action that the previous government took with cap-and-trade and the action the federal government is taking with the federal carbon tax is the equivalent of taking no action. It really has no impact. The things that—

Mr. Chris Glover: So what are you recommending? Should we be taking action?

Ms. Christine Van Geyn: I think people can make individual choices in their lives. I think people can make different choices that lead to different outcomes, and I encourage people to do that—

Mr. Chris Glover: But you said that—

The Chair (Mr. Dave Smith): Please allow the witness to finish her thought.

Ms. Christine Van Geyn: I also think that lowering the overall tax burden in this province will allow more adaptation and innovation by businesses in Ontario that actually want to pursue this as an initiative on their own agenda. It's something that I think a lot of witnesses from industry here today said, that they already care about this issue and they don't need to be forced by government into some complex regime.

Mr. Chris Glover: How much time do I have?

The Chair (Mr. Dave Smith): About 32 seconds.

Mr. Chris Glover: Not enough time. Thank you.

The Chair (Mr. Dave Smith): Ms. Bell.

Ms. Jessica Bell: I was at a rally today outside Queen's Park and there was a young lady there, Zoe Keary-Matzner, who was very concerned about the cancellation of Ontario's climate plan. She said, "No children were consulted and yet our future is endangered. Our voices are especially important because it is our future that is severely threatened." Zoe is 11. At 2040, Zoe will be 33, and at 2040, that's when the UN predicts that we will have global climate catastrophe. What do you say to people like Zoe?

The Chair (Mr. Dave Smith): Thank you, Ms. Bell. I'm sorry; there's no time to answer that.

Mr. Schreiner, you have the last—

Mr. Mike Schreiner: Thanks for being here today. I really appreciate it.

Do you think, as we address the climate crisis, we should chose the lowest-cost solutions or higher-cost solutions?

Ms. Christine Van Geyn: I think we should choose lower-cost solutions.

Mr. Mike Schreiner: Thank you. As we think about our budget deficit, \$15 billion, and we review line by line all the spending there, do you think every 0.8% of spending is important to address if it's being wasted?

Ms. Christine Van Geyn: I actually would say yes, that we should address as much wasteful spending as is possible.

Mr. Mike Schreiner: So why would it not be important, then, to address the 0.8% of our carbon deficit? Because we clearly are over budget on our carbon deficit as well. Do you think it's important to address every 0.8% of that deficit as well?

Ms. Christine Van Geyn: Well, no, because there's not someone else spending the remaining 99.2% of our money, which is the case with global emissions, right? There are other countries that are responsible for the vast majority of emissions and, in the absence of global action by those people who are making up the majority of the emissions, any action by Ontario is really negligible and irrelevant. To ask people to pay huge sums of money for no impact and no outcome at all is not putting people first, and that's what government should do.

Mr. Mike Schreiner: And do you think it's putting people first to require people to pay huge sums of money for the damages that are being caused by the climate crisis?

Ms. Christine Van Geyn: I think that if you're going to talk about the damage that's done by climate change, what you need to address is adaptation instead of how—reducing 0.8% of global emissions will actually not do anything to reduce that damage. Instead what you need to do is have people in Ontario adapt to a situation that's really being led by actors outside of our control.

Mr. Mike Schreiner: Thank you. I appreciate your time.

Ms. Christine Van Geyn: Thank you.

The Chair (Mr. Dave Smith): Thank you very much. That concludes all of our presentations.

Just a reminder that the deadline for filing amendments is 12 noon on Friday the 19th.

At this point we are adjourned until Monday at 9 a.m.

The committee adjourned at 1821.

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