

DELIVERED BY EMAIL

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Re: Bill 172 should address the needs of low-income and vulnerable communities

CELA supports the government of Ontario's decision to introduce greenhouse gas ("GHG") emissions pricing. However, the success of the cap and trade program is dependent on Bill 172 being amended to make it more stringent and fair.

In particular, we strongly recommend an amendment to Bill 172 to set aside at least 25% of Greenhouse Gas Reduction Account ("GGRA") funds for low-income and vulnerable communities. Ontario's decision not to address the concerns of low-income and vulnerable communities in Bill 172 is out of step with other jurisdictions which have introduced carbon pricing regimes and is fundamentally unfair. It is also contrary to Ontario's Poverty Reduction Strategy.

It is my understanding that the government's concern with CELA's proposal is that initiatives targeting low-income and vulnerable communities, particularly direct rebates, would not serve the purpose of the Act to reduce GHG emissions. This view belies a narrow interpretation of the purpose of climate change policy and ignores environmental justice concerns. CELA's proposal for use of GGRA funds for low-income and vulnerable communities serves the purpose of equity and fairness regarding our community's responsibility and response to climate change, and the minimal ability of low-income and vulnerable communities to adapt their behaviour to use low-carbon options.

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We have reviewed the proposed motions to amend Bill 172 available to date and recommend adoption of the New Democratic Party (“NDP”) motions that incorporate the interests of low-income and vulnerable communities.

Environmental justice should be incorporated into Bill 172

Environmental justice is concerned with the lack of equity and fairness in environmental policy and decision-making. Disadvantaged communities bear a disproportionate share of the consequences of environmental policy and decisions. In particular, the burdens of climate change are fundamentally unjust: vulnerable communities are responsible for the least carbon emissions, but face the most severe effects of climate change.¹ Carbon pricing programs are known to be regressive in that they disproportionately affect low-income and vulnerable communities. Those communities cannot afford higher rates for electricity, heating, transportation, food or other basic necessities, and often have little or no ability to adapt their behaviour to reduce their GHG emissions. All Ontario environmental policy should reflect environmental justice concerns.

At least 25% of GGRA funds should be allocated to projects that benefit low-income and vulnerable communities

Ontario is out of step with other jurisdictions which have introduced carbon pricing and have accounted for the interests of low-income and vulnerable communities. California, Québec, British Columbia and Alberta all address the needs of low-income and vulnerable communities in their carbon pricing policies.

One of the main purposes of Bill 172 should be to recognize and mitigate the impacts of climate change on low-income and vulnerable communities. The GGRA funds should be used to both assist with reductions of GHG emissions in those communities and to recognize and address the burdens of the program in those communities.

California, a future Western Climate Initiative partner, adopted SB-535 California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund, which requires that 25% of funds in the Greenhouse Gas Reduction Fund be allocated to projects that benefit disadvantaged communities and that a minimum of 10% of funds be allocated to projects located within those communities.² We urge Ontario to adopt this approach.

However, California’s approach is itself too narrow because funds set aside under SB-535 must be used to both reduce GHG emissions and benefit disadvantaged communities. There are some important programs that can achieve both goals, and we certainly support such efforts, such as expanding Ontario’s social housing retrofit program or improving public and active transportation in targeted communities. But, relying only on targeted programs will inevitably

¹ Marc Lee, *Fair and Effective Carbon Pricing: Lessons from BC* (Vancouver: Canadian Centre for Policy Alternatives, February 2011) [*Fair and Effective Carbon Pricing*] Online: CCPA <https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/02/CCPA-BC_Fair_Effective_Carbon_FULL_2.pdf>

² SB-535 California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund (2012), online: California Legislative Information, s 3 <http://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=201120120SB535>

result in many vulnerable people still bearing a disproportionate burden from the cap and trade program. A direct credit or rebate for targeted communities is needed to address that gap.

Motions on Bill 172

CELA has provided 28 recommendations to the Standing Committee on General Government on amendments to Bill 172.³

We have reviewed the motions on Bill 172 brought forward by both the government and the NDP. At the time of writing, we have not been provided with the Progressive Conservative motions. We are disappointed to note that the government has not brought forward any motions to address the needs of low-income and vulnerable communities.

We urge the government to support the following NDP motions to amend Bill 172 which recognize the impact of the cap and trade program on low-income and vulnerable communities:

- The following clause to be added to subsection 2(1): “to provide financial investment assistance to low to middle income residents and northern and rural residents to make the transition to a carbon free future”.
- The motion to amend subsection 7(2.1): “the action plan must consider the impact of the regulatory scheme on low-income households and must include actions to assist those households with Ontario’s transition to a low-carbon economy”.
- The motion to amend subsection 68(2): “to fund the provision of rebates or tax credits to low to middle income households or northern and rural households to assist them in the transition to a low carbon-economy, where the Lieutenant Governor in Council has approved”.
- The motion to add subsection 68(2.1) and (2), which provides:
 - (2.1) The Ministry, after consulting the public, shall identify communities with disproportionate burdens in the transition to a low-carbon economy and adaptation to climate change, with consideration of communities that are disproportionately burdened due to,
 - (a) disproportionate impacts of environmental pollution or climate change;
 - (b) income, unemployment, housing costs, a lack of access to transit or low-carbon infrastructure, or a lack of control over household emissions; or
 - (c) remote, rural or northern location.

³ CELA Submission on Bill 172 (Climate Change Mitigation and Low-carbon Economy Act, 2016), March 22, 2016 <<http://www.cela.ca/sites/cela.ca/files/Cap-Trade-Bill172-Response.pdf>>

(2.2) At least 25 per cent of the money flowing into the Greenhouse Gas Reduction Account shall be spent on initiatives under (2) that provide direct benefits to communities with disproportionate burdens, and at least 10 per cent of the money flowing into the Greenhouse Gas Reduction Account shall be spent within identified communities with disproportionate burdens.

We also support the NDP motions to amend subsection 6(2)(v.1), subsection 7(2)(v.1), subsection 30(4.1)(v.1), paragraph 33(3)(a)(v.2), subsection 68(1)(v.2), subsection 68(2), paragraphs 1-3(v.1), subsection 68(3.1)(v.1), subsection 68(6)(v.1), subsection 68(6)(v.2), section 68.1(v.2), section 71.1(v.2), subsection 74(1.1)(v.1), subsection 74(3)(v.1), subsection 76.1(5.2)(v.1), subsection 77(20.3.1)(v.1), subsection 77.1(4.0.1)(v.1), schedule 1 to the Bill, subsection 1(1)(v.1), and schedule 1 to the Bill, subsection 1(1), paragraph 1(v.1).

Conclusion

CELA's proposal to amend sections 2, section 68 and schedule 1 of Bill 172 to set aside 25% of GGRA funds for low-income and vulnerable communities should not to be understood as a proposal to use GGRA funds for general social spending. Bill 172 must incorporate environmental justice concerns. Using the funds from the GGRA for low-income and vulnerable communities, including for direct rebates, mitigates the regressive effects of the cap and trade program.

Programs that both reduce GHG emission and benefit low-income and vulnerable communities serve the purpose outlined in CELA's proposal to "assist low-income and vulnerable communities with the reduction of greenhouse gas". However, restricting the use of funds for only initiatives that reduce GHG emissions will not address the disproportionate burden on low-income and vulnerable communities from the cap and trade program.

We strongly encourage the government to adopt an environmental justice perspective and amend Bill 172 accordingly. Please feel free to contact us about this proposal, or any of our other recommendations to amend Bill 172.

Yours truly,

CANADIAN ENVIRONMENTAL LAW ASSOCIATION



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