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Election call is imminent –the signs all seem to point that way. The environment will be a primary issue in a campaign. Here is a primer ...

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The way a country treats natural resources is indicative of how it treats other resources, like its people. Canada's recent record on greenhouse gases and action (or lack of) has been dismal. Recent developments concerning Canada's environmental future are just as murky. There really are four options out there for Canadians that the combatants are pitching – these four options are all complex, long term issues that deserve a long term view. The short term, partisan "news bite" is not going to cut it when our environmental chickens come home to roost. Specifically, the four proposed systems are:

1. A carbon tax
2. Cap and trade System
3. Regulatory framework to encourage reductions of energy intensity
4. No action

1. A carbon tax simply adds a tax to the goods or services produced by an industry, company or group of companies. This tax can either be added at the wholesale or retail level – so consumers of the product either pay directly or indirectly. A carbon tax puts a price on pollution by charging a fixed fee per weight or volume of production. For example, an oil

refining company would be taxed based on the amount of CO2 produced and emitted into the environment. For example, under the "Green Shift" plan proposed by the Dion Liberals, at the end of the four year implementation period a producer that emits 17Million tonnes of CO2 per year (like Ontario Power Generation at Nanticoke, On) would suddenly owe \$680MM.

This kind of a plan could be implemented very quickly by governments as new taxes are not difficult to set up or administer. The carbon tax regime does not reduce pollution but simply adds to the cost of production for industry and essentially allows them to "pay to pollute".

2. Cap and trade systems very simply, put a limit on a group of emitters as to how much CO2 could be expelled into the environment. This industry group (like oil refiners) then can trade allowances within that cap. This kind of system puts more certainties around absolute levels of pollution flowing into the atmosphere. It demands focus on emissions regulation and monitoring – something governments are not historically good at. This system is very complex – but creates more certainty in terms of reducing emission levels. In Canada, large polluters make up about 50% of carbon emissions. This kind of a system can be modified to work in conjunction with a carbon tax

system.
3. Regulatory frameworks aimed at reductions of intensity of energy consumption is a bundle of regulations and guidelines aimed at changing behaviours at the industry level over a specific timeframe. For example, the April 2007 Regulatory Framework for Air Emissions introduced by the Government showcased broad designs for industrial emissions of both greenhouse gasses and air pollutants in Canada. These kinds of frameworks aim to reduce "emission intensity" or the kind of energy that is used to produce other energy. Coal fired power plants are an example of energy intense industry. These frameworks aim to discourage energy intense processes. The danger here is oftentimes certain industries are grandfathered or excluded from the regulations altogether – this is exactly what is happening with the *April 2007* framework introduced by the Conservatives. Big polluters in Canada are essentially released of responsibility until 2018.
4. No action is what Canada has enjoyed so far – with the death of Kyoto, environmental stewardship has stopped.

Stay tuned to this channel for more information and election updates...