

# Budget Paper A: Planning for a Green New Deal

The APB fully costed chapter: *Steps Toward a Green New Deal* identifies 2020 climate initiatives that create green jobs as part of the APB's broader Green New Deal policy. This Budget paper outlines elements of a Green New Deal Plan for these and future initiatives.

## What is a Green New Deal?

### Canada's Pact for a Green New Deal

...is a coalition *calling for a far-reaching plan* to cut emissions in half in 11 years, in line with Indigenous knowledge and climate science; create more than one million good jobs; and build inclusive communities in the process. Its bold, justice-based vision is galvanizing thousands of people by recognizing, and working to respond to, the multiple crises we face.<sup>1</sup>

A far-reaching plan should identify goals and a vision to link them; a timeframe and metrics to define targets and mark progress, and tools and enabling conditions to promote desired changes. And, of course, without informed, competent planning, there will be no plan. Meanwhile perverse subsidies must be dismantled.

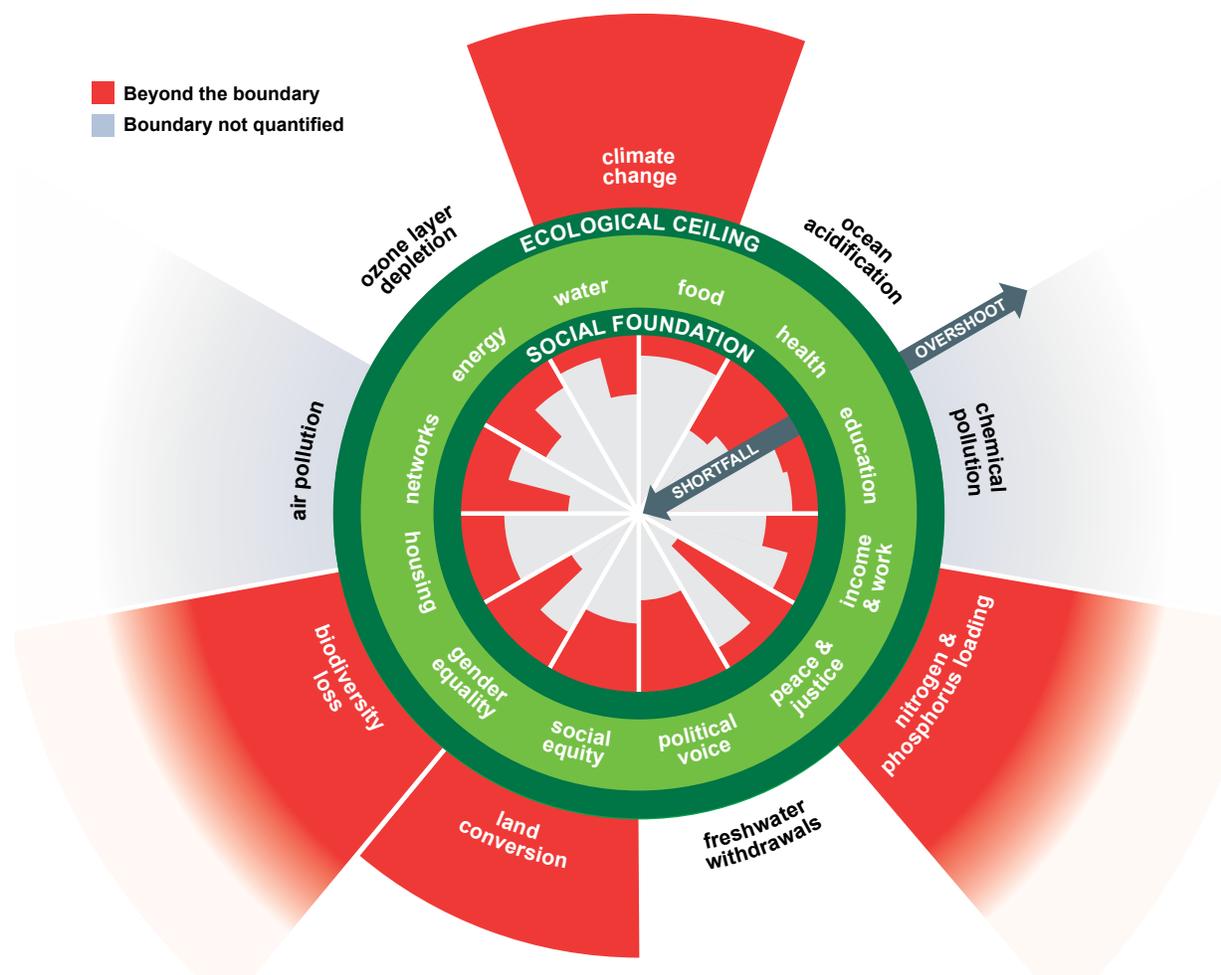
## Goals, Vision and Visualization

Green New Deal goals are very much like the United Nations Sustainable Development Goals, "a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere."<sup>2</sup>

Kate Raworth's *Doughnut of social and planetary boundaries* (Figure 1, next page) helps to visualize humanity's challenge "to meet the needs of all within the means of the planet."<sup>3</sup> The green doughnut is "an environmentally safe and socially just space in which humanity can thrive." The red sectors on the outside represent ecological overshoot. Those on the inside represent shortfalls in components of human well-being. Social policy must somehow reduce both the ecological overshoot and social shortfall together. This, essentially, is the demand of the Green New Deal for All and the policies that guide this Alternative Provincial Budget.

Raworth's Doughnut doesn't tell how to achieve these ecological and social goals, only that in pursuing each we must be mindful of the others. Policy design should seek synergies and avoid conflicts as far as possible. Although the donut identifies multiple ecological risks, for brevity we here selectively focus on the most urgent, climate change, to illustrate green and fair budgeting.

FIGURE 1 The Doughnut of Social and Planetary Boundaries (2017)



SOURCE: Raworth, K. (2017) Doughnut Economics: seven ways to think like a 21st century economist

### Timeframe and Metrics

The Paris Accord, supported by climate science, enjoins limiting the global average temperature increase above pre-industrial levels well below 2 °C and pursuing a 1.5 °C limit. This requires halving global greenhouse gas (GHG) emissions by 2030 and reaching net zero by 2040 to 2050. As a globally high-emitting jurisdiction, Manitoba’s needs to cut at least that much. We have clear metrics and a very short timeframe for action.

Likewise, the 17 Sustainable Development Goals adopted by the UN membership in 2015 have a 2030 target date for substantial achieve-

ment. Each goal has multiple measurable targets to track progress.<sup>4</sup>

The *far-reaching plan* called for by Canada’s Pact for a Green New Deal should not start from scratch. Building on Manitoba’s existing resources and assets, we can adapt well-studied examples and analyses to create 5-year, 10-year and longer action plans to achieve social and ecological goals together.

### Planning

Manitoba Hydro (MH) provides virtually emission-free electricity at one of the lowest rates in

North America. Manitobans are beneficiaries of a utility whose plans for hydro-electric generation and delivery encompass a century or more. We also benefit from award-winning Power Smart expertise and programming, now in Efficiency Manitoba (EM), which adopts a 15-year horizon for efficiency planning.

Together, MH and EM have engineering, economic, forecasting, planning, execution, and marketing capacities that are an important complement to the Climate and Green Plan's Expert Advisory Council (EAC). The EAC operates primarily with short-term planning horizons defined by five-year Carbon Savings Account periods and without the planning and operational skill sets of MH and EM. These capacities should be deployed to meet a broader mandate to decarbonize energy supply and use in Manitoba.<sup>5</sup>

**Recommendation:**

Manitoba should Provide MH and EM unambiguous mandates to support the Expert Advisory Council in short- and long-term planning to achieve carbon-neutral energy supply and use by 2045. With the help of MH and EM, EAC can formulate CSA milestones that are required for the journey to net zero emissions by 2045.

Note that MH is obliged to fund approved EM efficiency plans designed to achieve 0.75 per cent gas and 1.5 per cent electricity annual reductions, but not additional activities designed to reduce fossil fuel consumption. The carbon pollution levy provides a revenue source for carbon mitigation activities that exceed the MH-funded efficiency plan.

**Recommendation:**

Provide EM carbon pollution levy revenues to cover (i) decarbonization planning activities and (ii) fossil fuel DSM initiatives to achieve decarbonization milestones established by EAC, as included in Steps Toward a Green New Deal.

Tools for Change – The Role of Government  
Manitobans want to live greener lives but face barriers to doing so. Individuals are more likely to make sustainable choices if they are practical, convenient, safe, affordable, efficient, healthy and enjoyable or required and unavoidable. Some businesses are guided by corporate responsibility and reputational concerns, but all are driven to maintain profitability within a system of regulations and incentives.

Governments have many tools to drive a green and just transition including planning, leadership, education, incentives, regulation, enforcement, procurement, and critical infrastructure and social investments. Green budgeting built on ecofiscal policies is crucial. “An ecofiscal policy corrects market price signals to encourage the economic activities we do want (job creation, investment, and innovation) while reducing those we don't want (greenhouse gas emissions and the pollution of our land, air, and water).”<sup>6</sup>

**Green and Fair Budgeting**

More specifically, a green and fair budget promotes a more just and sustainable society by:

1. raising enough revenue to pay for needed expenditures over time;
2. making it easier and more rewarding to act sustainably;
3. making it harder and costlier to act unsustainably;
4. making critical infrastructure and social investments that enable all Manitobans to choose to live sustainably and flourish;
5. considering full-cost accounting of actions;
6. charging users and polluters for the costs they impose on society;
7. ensuring that basic human rights are not compromised and that the poor and disadvantaged are better off.

The first five criteria promote a sustainable society and the last two fairness and justice. The

last criterion implies progressive revenue sources that take account of ability to pay in providing for good government, public goods and services, and citizen wellbeing.

APB recommendations are guided by green and just budgeting principles.

### Policy and Regulation Changes

In addition to fiscal measures laid out in the APB Green New Deal chapter, the Province has policy and regulatory powers to steer Manitoba towards a green and just transition.

### Building Standards

New buildings need to be as energy efficient as possible. We should borrow Toronto and BC's incremental approach to phase-in building standards that will make Passive House-style buildings the norm by the early 2030s. Toronto has their *Zero Emissions Buildings Framework* and BC has their *BC Energy Step Code* for municipalities. Coincident with this incremental approach, we need to establish and announce a timetable for when Passive House will become the building code standard.

### Permitting

A part of BC's Energy Step Code is a permitting office. Many aspects of the design and construction of sustainable buildings have not been regularly seen by permittees or inspectors. We should have a permitting office focused on helping innovative construction project applicants be successful in getting necessary permits and passing inspections for efficient buildings.

### Building Energy Labelling

Making the performance of buildings visible is an important step to change what the market values. We should adopt the *Energuides labelling system* for residential buildings in a manner similar to Edmonton. For buildings over 20,000 square feet, Edmonton has their *Building Energy Benchmarking Program*.

### Moratorium on Expansion of Natural Gas Distribution Network

Stop expansion of the natural gas distribution system. This will incentivize densification and make sprawl less attractive. This will reduce the need and cost of expansion of other aspects of infrastructure. Also drop-in substitute biofuels and hydrogen are unlikely to reach the volumes needed to displace more fossil natural gas.

### Support for City of Winnipeg's Climate Action Plan Modal Shift Initiative

"to directly shift City residents out of single occupancy vehicles (SOVs) through sustainable transportation options with lower or no emissions (walking, cycling, public transit, carshare, and carpooling)."<sup>7</sup> Support should take the form of enhanced funding of transit services and active transportation by the Province and fixing unsustainable structural issues that favour SOV use over more sustainable alternatives. The APB allocates \$41M to public transit and the acceleration of EV use (see APB chapter Steps Toward a Green New Deal for details).

### Fixing Unsustainable Structural Issues

An economy that deviates sharply from eco-fiscal and green budgeting principles entrenches unsustainable practices, which are unfair and costly to our environment and society. A rising carbon pollution levy is only one part of the structural solutions required. Other issues remain. For example:

### Exurban Commuters are Subsidized by Winnipeggers

Winnipeg taxpayers pay for city streets used daily, at no cost, by exurban commuters. The result is a significantly lower tax burden on comparable homes for the commuters. This tax differential encourages exurban migration, which in turn increases single occupancy vehicles commuting and emissions. It also pressures the City to limit

tax increases to remain tax-competitive, with the consequence that infrastructure and services are underfunded and deteriorating. Riley Black's proposed fix — as detailed in the APB's chapter on Municipal Relations is for Winnipeg to require employers to deduct a commuter fee from the paychecks of exurban employees, which will partially restore user pay, add to Winnipeg's tax base and reduce the tax differential.<sup>8</sup>

### **Motor Vehicles are Heavily Subsidized**

Drivers do not pay the immense social costs of carbon pollution and climate impacts, policing, health impacts from emissions and sedentary lifestyles, injuries and death from accidents, their costly parking footprint, and the sprawl they enable. Moreover, the fuel tax pays only part of provincial investments in roads and property taxes used for city streets are imposed on homes but not motor vehicles. Fuel sales collect no PST to contribute to public goods like health, education, welfare and government thereby imposing a heavier tax burden on other revenue sources and/or starving public investments. These perverse subsidies distort city and provincial budgets and promote SOVs over public transit. Meanwhile, bus riders experience annual fare increases, which send the message, "Get back in your car, if you have one, and save on annually increasing bus fares. We will clear your streets, maintain your roads, fill potholes, build underpasses and bridges, and widen roadways without adding a penny to the costs of vehicle ownership or use."

An eco-fiscal alternative could implement user pay, polluter pay and a fair contribution to general revenues from vehicles through higher fuel tax + carbon pollution levy + sales tax + municipal taxes. Note for comparison that Winnipeggers pay 14 cents/litre provincial excise tax on gasoline, whereas drivers in Vancouver and Montreal, two cities noted for their commitment to sustainability and public transportation systems, pay more than 32 cents/litre in combined provincial and municipal taxes. Expected benefits would be to

reduce the distortion that increasingly favors single occupancy vehicle use over other transportation modes and provide needed funding to support greener transportation alternatives.<sup>9</sup>

### **Recommendation**

*Empower Winnipeg and municipalities to introduce mobility pricing to fund sustainable transportation initiatives and street budgets.* Legislation is required to broaden the taxing power of municipalities, as explained in the APB Municipal Relations chapter. Mobility pricing could take many forms, such as an additional fuel or sales tax on gasoline and diesel, a tax on parking spaces, extending the property tax to include vehicles, road tolls, an exurban commuter fee, or a surtax on vehicle registrations proportional to emissions. It would be up to municipalities, individually or collectively, to decide which revenue instruments to use and which sustainable transportation investments to make.

### **Recommendation**

Create a provincial sustainable tax commission to identify sustainable tax reforms that embody green budgeting principles.

### **Recommendation**

*Create a Sustainable Transportation Authority for the Metropolitan Region* like TransLink for greater Vancouver, Metrolinx for greater Toronto, and Société de transport de Montréal to coordinate, plan, build and operate sustainable transportation systems in the Metropolitan Region. This authority would require mobility pricing powers like those proposed for Winnipeg and municipalities above, supplemented by carbon pollution levy revenues with a mandate to reduce transportation emissions while enhancing affordable public and active transportation.

*The Municipal Relations chapter of the APB allocates \$5 million for research, planning, consultation, and initiation of these recommended structural changes.*

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- 1 <https://act.greennewdealcanada.ca/what-we-heard/>
  - 2 <https://www.un.org/sustainabledevelopment/development-agenda/>
  - 3 Raworth, K. (2017) Doughnut Economics: seven ways to think like a 21st century economist <https://www.kateraworth.com/doughnut/>
  - 4 <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>
  - 5 In a speech to the Manitoba Chambers of Commerce, CEO Jay Grewal made clear that MH is planning for a clean-tech future. [https://www.hydro.mb.ca/corporate/news\\_media/pdf/2019\\_09\\_25\\_mb\\_chamber\\_presentation.pdf](https://www.hydro.mb.ca/corporate/news_media/pdf/2019_09_25_mb_chamber_presentation.pdf)
  - 6 Canada's Ecofiscal Commission at <https://ecofiscal.ca/>
  - 7 <https://winnipeg.ca/sustainability/PublicEngagement/ClimateActionPlan/pdfs/WinnipegsClimateActionPlan.pdf>, p. vi.
  - 8 <https://www.policyalternatives.ca/publications/reports/high-cost-free-riding-and-how-we-fix-it>.
  - 9 <http://greenactioncentre.ca/clean-energy-environment/a-new-deal-for-winnipeg-and-transportation/>.