KAIROS MEDIA BACKGROUNDER

During a recent seven-year period, 1996 – 2002, the federal government spent about $8.3 billion on subsidies to the oil and gas industries.[1] Most of these subsidies continue to this day, and may have increased because of large investment increases in the tar sands.

During 2006 and 2007 the Harper government announced some twenty energy efficiency and greenhouse gas reduction initiatives requiring approximately $8.6 billion to be spent mostly over the next two to nine years.

In its 2006 budget the Harper Government cut the $500 million EnerGuide low income household program; subsequent retrofit programs are not as accessible to low income families.

Environment Canada's report, *A Climate Change Plan for the Purposes of the Kyoto Protocol Implementation Act 2007*, concedes that projected emission levels for the years 2008 through 2012 will be well above Canada's obligations under the Kyoto Protocol despite all the emission reduction measures announced to date. Projected emission levels for 2012 are estimated at approximately 31% above Canada's Kyoto target.[2]

72% of Canada's GHG emissions result from the use of fossil fuels for stationary combustion and transportation.[3]

Tar Sands Emissions will Rise

Prime Minister Harper refers to Canada as an "energy superpower" as he promotes more investment in Alberta's tar sands.[4] The extraction of synthetic crude from the tar sands produces three times as much GHG as conventional petroleum.[5]

According to data from Opposition leader Stéphane Dion, by 2015 GHG emissions from the tar sands alone may be larger than all the emission reductions expected to result from the Harper government initiatives for all of Canada in 2012.[6]

Yet the government has announced only a very slow phase out over the years 2011 to 2015 for one of its principal subsidies, the Accelerated Capital Cost Allowance (ACCA) for tar sands projects. Officials from the Department of Finance say that the ACCA for tar sands projects is worth as much as $300 million a year depending on the level of activity.[7]

The National Round Table on the Environment and the Economy, a government appointed advisory body, has recommended that in order to meet deep GHG emission reduction targets, the immediate implementation of a clear, consistent, and long-term policy, such as an emissions price, is critical. "Such a policy needs to place a price on carbon, through an emissions cap and permit trading scheme, and/or an emissions tax."[8]

International Subsidies

In the first six months of 2007, Export Development Canada supported transactions in the oil and gas sector valued at $6.8 billion, the highest of any industry sub-sector. Over the same period EDC reported business transactions of only $5 million for alternative fuels and just $2 million for renewable energy. The ratio between EDC's business in fossil fuels compared to alternatives and renewable energy is an astounding 974 to 1.[9]

The Stern Review on the Economics of Climate Change puts existing worldwide subsidies for fossil fuels at between US$150 billion and US$250 billion a year. It says that only US$10 billion was spent in 2004 on deployment of technologies for producing energy from renewable sources.[10]

Between 1992 and late 2004 the World Bank approved US$28 billion in financing for fossil fuel-related projects. This lending was seventeen times larger than its financing for energy efficiency and renewable energy projects.[11]

In 2003 the World Bank appointed Extractive Industries Review recommended that the Bank phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development, emissions-reducing projects, clean energy technology, energy efficiency and conservation, and other efforts that de-link energy use from greenhouse gas emissions.[12]

[1] Taylor, Amy; Bramley, Mathew and Winfield, Mark. 2005. Government Spending on Canada's Oil and Gas Industry. Drayton Valley, Alberta: Pembina Institute. Table 4-7, Page 32.
[2] Environment Canada. A Climate Change Plan for the Purposes of the Kyoto Protocol Implementation Act 2007. Ottawa: Environment Canada. August 2007. Page 19.
[3] IBID. Page 5.
[4] Harper, Stephen. 2006. Address by the Prime Minister to the Canada-UK Chamber of Commerce in London. Ottawa: Office of the Prime Minister. 14 July.
[5] Woynillowicz, Dan; Severson-Baker, Chris and Raynolds, Marlo. 2005 Oil Sands Fever: The Environmental Implications of Canada's Oil Sands Rush. Drayton Valley, Alberta: Pembina Institute. www.pembina.org Page 22.
[6] Dion, Stéphane. 2007. Putting a Price on Carbon: An Open letter to Prime Minister Stephen Harper. Ottawa: Office of the Leader of the Opposition. August 23.
[7] cited in McCarthy, Shawn. 2007. Oil sands tax break to end – in 2010. The Globe and Mail. March 20. Page B17.
[8] National Round Table on the Environment and the Economy. 2007. Interim Report to the Minister of the Environment. Ottawa: National Round Table on the Environment and the Economy. June www.nrtee-trnee.ca
[9] Export Development Canada (EDC), Disclosure of Aggregate Business Volume by Industry Sub-sector, http://www.edc.ca/english/disclosure_11844.htm
[10] Stern, Nicholas et al. 2006. Stern Review on The Economics of Climate Change. London: HM Treasury. Page 367.
[11] Vallette, Jim; Wysham, Daphne and Martinez, Nadia. 2004. A Wrong Turn from Rio. Washington: Sustainable Energy and Economy Network, Institute for Policy Studies. Page 1. www.seen.org
[12] Extractive Industries Review. "Striking a Better Balance: The World Bank Group and Extractive Industries." Washington: International Bank for Reconstruction and Development. December, 2003.