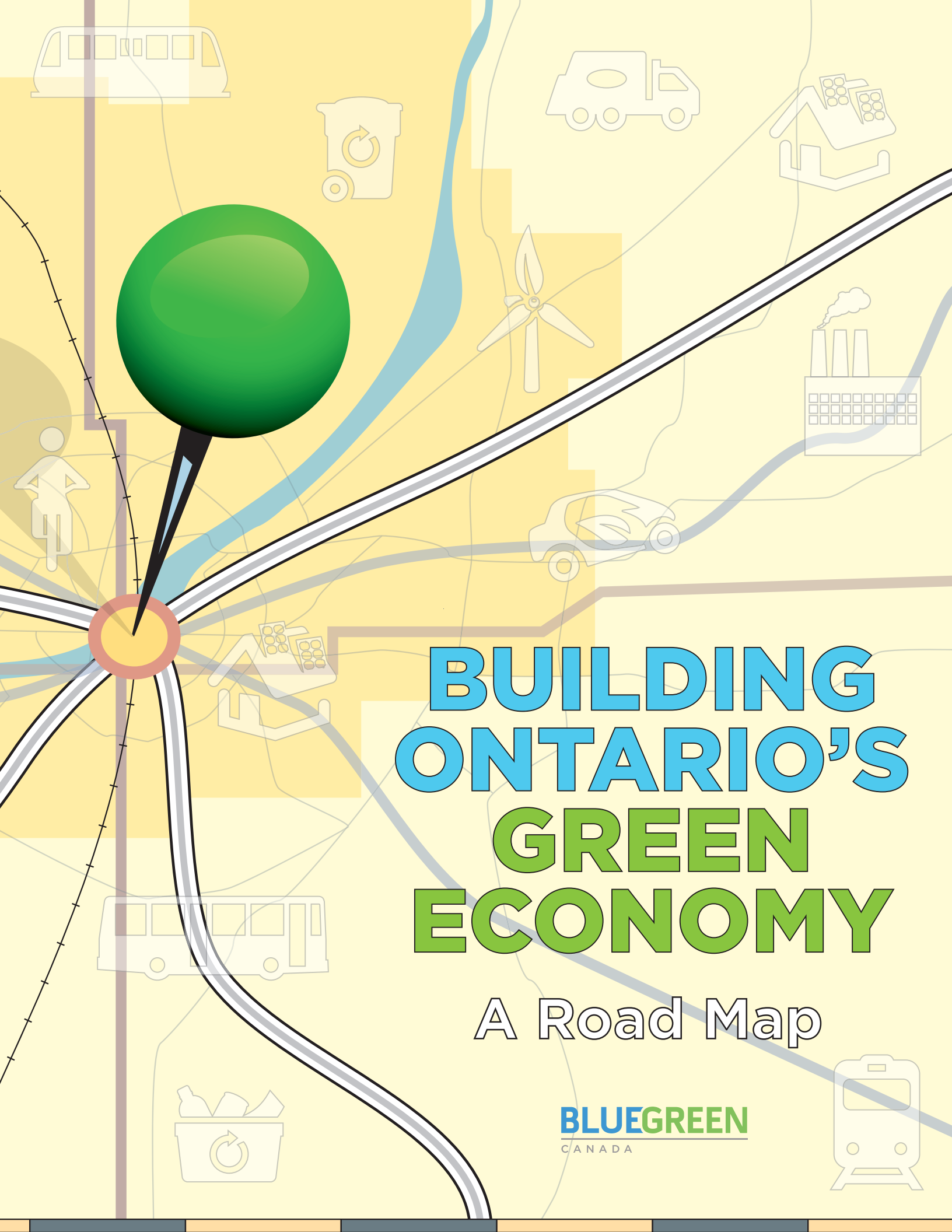

BUILDING ONTARIO'S GREEN ECONOMY

A Road Map

BLUEGREEN CANADA

"With smart public policies, governments can grow their economies, generate decent employment and accelerate social progress in a way that keeps humanity's ecological footprint within the planet's carrying capacity."

— BAN KI-MOON, UN Secretary-General [1]

Visit www.bluegreencanada.ca for more information.

BLUE GREEN CANADA is an alliance between Canadian environmental organizations and labour unions to advocate for working people and the environment by promoting solutions to environmental issues that have positive employment and economic impacts. The alliance is based upon the realization that a future sustainable economy must provide good jobs and protect the environment, not one or the other.

This report was funded with the generous support of the ONTARIO TRILLIUM FOUNDATION.

Ontario Trillium Foundation / Fondation Trillium de l'Ontario

The Green Economy: Challenge and Opportunity

In recent years Ontario has made some impressive strides towards a green economy. The Green Energy and Economy Act, widely recognized as the best renewable energy policy in North America, has successfully attracted over 30 green energy manufacturing facilities to the province, led to new business for existing industries, and created over 13,000 jobs with many more anticipated in the years to come.[2] The Water Opportunities Act, the Greenbelt Act, and the provincial support for electric vehicle manufacturing have also helped position Ontario as a green economic leader. Yet there is still much more to be done if we are to truly pursue a resource efficient, socially inclusive, low carbon economy.

> **"In the present economic context, shifting towards a green economy with decent jobs creation is an essential and also an effective response to the economic and financial crisis."**
>
> — INTERNATIONAL LABOUR ORGANIZATION [3]

In this report, we have compiled a number of recommendations for a variety of different sectors. Many of these ideas have been discussed in Ontario for some time. Others have been culled from the experiences and efforts underway in countries around the world. Together, they illustrate what a green economy could look like in the province of Ontario and suggest a route by which this vision could be realized.

Ontario may be a North American green economy leader, but we are far from alone in this pursuit. Rather, we are part of a global movement toward a green economy, spurred by an environmental imperative, the realization that climate change and ecological degradation threaten our future prosperity, but equally driven today by opportunity, in recognition that a green economy can deliver higher rates of economic growth and yield more employment compared with business as usual.[4]

There are particularly compelling reasons for Canada's most populous province to pursue a green economy, and the case is strengthened by our current economic malaise. Research shows that a green economy is more manufacturing and export intensive than the rest of the economy, offers better wages, and is growing faster than the economy at large.[5] This growth is projected to continue, even accelerate,[6] meaning the green economy should be at the centre of any strategy for Ontario's economic recovery.

We urge our leaders to pay serious consideration to the recommendations offered in this report. And we urge them to act sooner, rather than later. "The governments that act early to establish green economy enabling conditions will not only support the transition but will also ensure they are in the best place to take advantage of it."[7]

"The clean economy is in fact delivering on hopes that it would generate a diverse array of quality positions that are at once more export- and more production-oriented than is the rest of the economy. Clean economy jobs tilt toward manufacturing and exporting and provide more opportunities with better pay for lower-skilled workers."

— BROOKINGS INSTITUTION, Sizing the Clean Economy [8]

Green Buildings and Energy Efficiency Retrofits

Buildings are one of the largest users of energy and, hence, one of the most significant contributors to our carbon foot-print. Mitigation strategies in residential and commercial buildings could avoid almost thirty percent of these building-related greenhouse gas (GHG) emissions by 2020.[9] Moreover, the costs of these mitigation strategies are offset by lower energy bills and, in the end, homeowners and businesses save money. Indeed, according to McKinsey, 3.5 gigatons of CO_2 emissions can be avoided globally at an average abatement cost of negative $35 per ton with existing technology.[10] Finally, energy efficiency retrofits are one of the most cost effective ways to create green jobs, yielding between 13 and 16 direct jobs for every $1 million of increased economic output.[11]

Recommendations:

1. *Enforce and strengthen Ontario's building code and require greater energy efficiency, mandatory use of renewable energy, and more efficient water usage.*
2. *Re-capitalize the Home Energy Savings Program to provide rebates to homeowners who undertake energy efficiency upgrades.*
3. *Allow for long-term loans to homeowners and commercial landlords to cover the costs of energy efficiency upgrades. Two of the most promising models are Local Improvement Charges and On-Utility Bill Financing.*[12]

"The buildings sector is the single largest contributor to global greenhouse gas emissions (GHG), with approximately one third of global energy end use taking place within buildings…Therefore, the building sector is central to any attempt to use resources more efficiently."

— UNEP [13]

Low-Carbon Transportation

Transportation is responsible for over one third of Ontario's GHG emissions.[14] Encouraging and/or mandating greater energy efficiency for all forms of transportation and shifting more riders from private to public transit would go a long way toward reducing those emissions.

Increasing the energy efficiency of Ontario's transportation sector would also create jobs for Ontario residents, increasing employment by approximately 10 per cent versus business as usual.[15] And research out of the U.S. shows that increased fuel efficiency standards are a net job creator.[16] Furthermore, given that Ontario is home to the bulk of Canadian automotive manufacturing, the development of domestic standards that exceed those of neighbouring jurisdictions, bundled with some modest incentives, would help ensure Ontario's manufacturers, large and small, stay at the forefront of innovation, well positioned to serve the needs of an increasingly green transportation sector.

> **"Ontario's transportation sector is the largest contributor of the province's total GHG emissions (31%). GHGs from the transportation sector are expected to be the largest and fastest growing source of GHG emissions in years to come."**
>
> — THE PEMBINA INSTITUTE [17]

Building more efficient transit systems would also help Ontario's economy in general. For example, congestion costs Toronto's economy between $3 and $5 billion annually.[18]

Recommendations:

1. *Invest in infrastructure and create incentives to drive a shift to more energy efficient forms of personal transportation (e.g. electric and hybrid cars), and remove any barriers which impede the installation of electric car charging points.*
2. *Invest aggressively in and increase the affordability, attractiveness and efficiency of public transit. Consider introducing revenue tools dedicated to transit expansion.*
3. *Legislate greater energy efficiency and reduced emissions for all forms of transit.*
4. *Continue to invest in and support intensification over sprawl.*

Training and the Skills Gap

One of Ontario's greatest assets is our skilled labour force. But to make use of this asset, we must ensure our workforce is equipped with the skills and knowledge needed in the green economy. Reports from around the world warn of a looming skills gap as advanced economies retool their existing industries and seek out new opportunities. Ontario, like other jurisdictions, must take action to address this skills gap. Indeed, as a recent report from Deloitte argues, "governments will need to promote workforce development, as well as job creation, if the anticipated benefits of the green economy are to be realized."[19]

Recommendations:

1. Conduct outreach to prospective and existing green employers and trade unions to identify the skill sets and knowledge base required in their sector.
2. Research workforce development in other nations and survey initiatives to ready workers for various green sectors such as renewable energy, green building and energy efficiency retrofits.
3. Ensure high-quality training programs are available and accessible to all Ontarians, especially unemployed individuals and members of marginalized communities.

> **"Governments will need to promote workforce development, as well as job creation, if the anticipated benefits of the green economy are to be realized."**
>
> — DELOITTE [20]

"In the new green economy, better use of materials formerly seen as waste, creating jobs closer to home in many instances and retaining value in the local and national economy should be seen as important policy objectives."

— FRIENDS OF THE EARTH, U.K. [21]

Waste Management

Ontarians are practiced recyclers and the Blue Box Program is a great success. Yet Ontario's overall waste diversion rate is a meager 22 per cent[22], meaning there is still significant need for improvement.

With suitable landfill sites becoming increasingly scarce, we have an incentive to encourage, and even require, greater recycling and reuse. Furthermore, waste management is a growing sector of our green economy, now credited with contributing over $2.5 billion in revenue, over $150 million in capital expenditures and over 10,000 jobs.[23] Improving waste management practices and increasing the diversion rate would see these numbers rise, possibly significantly. Sorting and processing recyclables sustains up to 10 times more jobs than landfilling.[24] And reusing products creates 5 to 9 times more jobs than recycling.[25] Reports from both the U.S.[26] and the U.K.[27] project significant job gains as a result of increased waste diversion. The same would be true of Ontario.

Recommendations:

1. *Implement mandatory recycling and composting in industrial, commercial and institutional (IC&I) buildings.*
2. *Set binding provincial and municipal waste diversion targets and develop a plan to reach those targets.*
3. *Investigate and provide incentives for reuse of select products, for example, wine bottles.*

Manufacturing

Ontario's manufacturing sector is responsible for over 15 per cent of our GDP[28], 13 per cent of the employment[29], and 24 per cent of the province's GHG emissions.[30] For Ontario, any green economic strategy needs to work with manufacturers to reduce the energy intensity of manufacturing, and consequently the sector's contributions to climate change, while simultaneously making it more competitive.

In addition to increased energy efficiency, it is important that we phase out the use of toxic chemicals in our manufacturing processes to protect workers and the environment. According to the National Pollutant Release Inventory (NPRI), Ontario's total contribution of toxins to the environment is second only to that of Texas as the worst in North America.[31] Furthermore, according to research done by our affiliates in the U.S., the BlueGreen Alliance, toxics reduction legislation would create, rather than cost, jobs.[32]

> **"The greening of manufacturing is essential to any effort to decouple environmental pressure from economic growth."**
>
> — UNEP [33]

Recommendations:

1. *Provide financing to industries to assist with the affordability of energy efficiency upgrades.*
2. *Implement a cap-and-trade system, as detailed on page 8.*
3. *Set targets for the reduction of toxic chemical use and establish border restrictions on the importation of goods or services that undermine environmental and public health objectives.*

> **"Establishing a carbon price, through tax, trading or regulation, is an essential foundation for climate-change policy."**
>
> — SIR NICHOLAS STERN [34]

Cap and Trade

The fairest and most effective way to reduce emissions and transition to a green economy is to implement an economy-wide cap and trade system covering as many activities as possible. Cap and trade schemes are now in place in many jurisdictions. The most advanced system, the European Union's Emissions Trading Scheme, currently covers industries responsible for approximately 40% of the EU's GHG emissions.[35]

Ontario is a partner in the Western Climate Initiative, but the province has delayed implementation and, at present, the timelines are unclear. We appreciate the case for a cautious approach given the current state of the economy. However, implementing a cap and trade system would have a minor impact on overall economic activity.[36] And these delays and uncertainty are not in the best interests of carbon intensive industries, the majority of which are in favour of carbon pricing and would like to see things resolved sooner rather than later.[37]

Ontario must recommit to this initiative, and take a clear and firm position so stakeholders can know what to expect and markets can adjust accordingly.

Recommendations:

1. *Recommit to the Western Climate Initiative and announce a firm date for its implementation in Ontario.*
2. *Develop policies to address carbon leakage.*

Agriculture and Green Space

Ontario is home to the world's largest Greenbelt, 1.8 million acres of protected farmland and green space. By setting aside agricultural land, the greenbelt ensures that we can feed our populace. It provides recreational spaces and increases the quality of life for all Ontarians, and it provides a variety of crucial ecosystem services from water filtration and flood protection, to carbon sequestration and pollination, valued at $2.6 billion annually.[38]

In the face of increasing pressure from developers, we must better understand the value of the greenbelt and other intact ecosystems and take steps to protect and, where possible, expand this extremely valuable asset.

Recommendations:

1. *Provide ecosystem services valuation tools so policy and decision makers can better understand how nature conservation contributes to and supports our economy.*
2. *Reform agricultural and taxation policies to make certain that farming remains viable in Ontario.*
3. *Encourage and assist municipalities in growing the Greenbelt in areas that continue to be ecologically sensitive or susceptible to sprawl.*

> **"Given the ecological value of the Greenbelt, the connected ecosystems beyond, and the vulnerability of natural areas and agricultural lands in southern Ontario, it would be prudent to include additional land in the Greenbelt."**
>
> — DAVID SUZUKI FOUNDATION [39]

Conclusion

Transitioning to a green economy is not a simple task. But it is a necessary one. We must reconcile our environmental and economic objectives if we wish to create a world that we are proud to hand down to our children. Moreover, there is a compelling case that a green economy is not a drag on growth, but a new engine of growth. It is time to give up the notion that there is a trade-off between the economy and the environment and accept, instead, that there is a synergy between the two. With the right public policy, we can create the conditions such that both the environment and the economy will thrive.

It is clear that Ontario's policy makers appreciate both the challenge and opportunity of the green economy. They have already helped Ontario stand out as a North American green economy leader. Now we urge them to go farther, to solidify Ontario's leadership and fully realize the opportunity that lies before us.

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BLUEGREEN
CANADA

116 Spadina Avenue, Suite 300
Toronto, Ontario M5V 2K6
tel 416 323-9521 fax 416 323-9301
email info@bluegreencanada.ca
www.bluegreencanada.ca