



Citizens' Climate Lobby Canada Lobby Climatique des Citoyens

A Solution: Climate Income

Proposed Findings:

- 1. Causation:** Scientific evidence indicates that greenhouse gas emissions, mostly from burning fossil fuels but also from other sources, are causing rising global temperatures.
- 2. Mitigation (Return to 350 ppm or Below):** A return from the current concentration of over 400 parts per million (“ppm”) of carbon dioxide (“CO₂”) in the atmosphere to 350 ppm CO₂ or less by the end of this century is necessary to preserve a planet similar to that on which civilization developed and to which life on Earth is adapted.
- 3. Endangerment:** Further increases in global temperatures pose imminent and substantial dangers to human health, the natural environment, the economy, and national security. They also present an unacceptable risk of catastrophic impacts on human civilization.
- 4. Co-Benefits:** The measures proposed in this legislation will also benefit the economy, human health, and the environment even without considering global climate disruption, as a result of reductions in non-greenhouse-gas pollutants.
- 5. Benefits of Carbon Fees:** Predictably rising Carbon Fees on fossil fuels are the most economically efficient, transparent, and enforceable mechanism to drive a transition to a low-carbon economy. They give all businesses and individuals a powerful incentive to reduce their carbon footprints.
- 6. Equal Monthly Per-Person Climate Income Cheques:** Equal monthly cheques (or “rebates”) from Carbon Fees paid to each Canadian household will equitably recycle revenue obtained from Carbon Fees.

Therefore, the following legislation is proposed:

- 1. Collection of Climate Income:** Beginning April 1, 2018, Canada will impose a Carbon Fee on all fossil fuels (oil, coal, and natural gas) at their first point of sale. Yearly price increases shall continue until Canada's total CO₂ emissions have declined to 10% of the level of Canada's CO₂ emissions for the calendar year 1990.

2. **Monitoring the Impact:** Every year, the Ministry of Finance and the Ministry of the Environment with the assistance of the Parliamentary Budget Office will conduct studies on the impacts of the climate income policy on the economy, households and greenhouse gas emissions to determine whether an increase in the rate of annual increase of the Carbon Fee to greater than \$15/tonne CO₂/year is required to achieve Canada's short-term greenhouse gas reduction targets. In no case, however, shall the annual increase in the Carbon Fee be less than \$10 until the target of 10% of calendar year 1990 emissions is reached.
3. **Equal Per-Person Monthly Dividend Payments:** The revenue collected from Carbon Fees shall be distributed as equal monthly per-person dividend payments to all Canadians (1/2 per child under 18 years old). These cheques will be mailed to Canadians where applicable.
4. **Carbon Border Adjustment Mechanism:** In order to ensure that Canadian products can remain competitive, Border Carbon Adjustment Mechanisms (CBAMs) shall be charged for goods entering Canada from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates may also be used to reduce the price of exports to such countries. CBAMs must incorporate the UNFCCC principle of Common but Differentiated Responsibilities and Respective Capabilities.
5. **Direct use of Fuel:** The direct use of fossil fuel by a producer or importer shall be subject to the Carbon Fee in the same manner as if the fuel were sold.
6. **Emissions from Non-Fossil Fuel Sources:** The Ministry of Finance, in consultation with the Ministry of the Environment, will develop assessment procedures so that all readily measurable greenhouse gas emissions not arising from fossil fuel combustion (e.g., CO₂ emissions associated with industrial processes; methane release; HFCs) will also become subject to the Carbon Fee, based on their CO₂-equivalent greenhouse gas potential.
7. **Phase-Out of Fossil Fuel Subsidies:** All existing subsidies for fossil fuels, including tax credits, shall be phased out over the five years following enactment.
8. **Moratorium on New or Expanded Coal-Fired Power Plants:** Beginning on the date of enactment, there shall be no new coal-fired power plants permitted or constructed. There shall also be no expansion in capacity of any existing coal power plants.
9. **Phase-Out of Unabated Gas-Powered Electricity:** By 2035, Canada will phase out all unabated gas-powered electricity. All abatements of the gas-power using carbon capture and sequestration and offsets must be verifiable.
10. **Seeking Treaties:** The Government of Canada shall seek treaties with other countries that quickly spur on the adoption of programs similar to the ones provided for in this Act to reduce CO₂ and other greenhouse gas emissions.
11. **People-Centric Framework:** consultations with the people of Canada, as was done with the Canadian Pan-Canadian Framework on Clean Growth and Climate Change, as well as all human rights will be embedded into the ongoing development of this policy.