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CANADA'S CLIMATE CHANGE AGENDA: WHOSE COST TO BEAR?

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The IRPP's Canadian Priorities Agenda project is the inspiration for the capstone seminar in the master's in public policy program of the Munk School of Global Affairs & Public Policy at the University of Toronto. The course is offered in an intensive format as a core requirement in the final semester of the two-year program. *A Canadian Priorities Agenda: Policy Choices to Improve Economic and Social Well-Being* is the basic text for the course. It is supplemented by readings chosen by the instructors and guest presenters. The students take the role of judges, and for their final assignment they write a 5,000-word paper modelled on the judges' reports in the original project, in which they have to make the case for an agenda comprising five policies selected from options presented in the course. Every year the instructor selects the best student paper, and the IRPP posts it on its website.

Canada's Climate Change Agenda: Whose Cost to Bear?

Kaidie C. Williams

“If our transition to a low-carbon economy fails to account for the most vulnerable, our transition will neither be just nor equitable. Policy-makers have a duty to ensure that our low-carbon economy also empowers the most vulnerable and creates new opportunities for those whose livelihoods depend heavily on carbon-intensive activities.”

- Kaidie C. Williams

Introduction

In 2016, the Government of Canada ratified the Paris Agreement, affirming its commitment to reducing its greenhouse gas (GHG) emissions to 513 Mt CO₂ eq by 2030 (United Nations 2016; Environment and Climate Change Canada 2019). To achieve its targets, the federal government adopted a collaborative approach to emissions reductions through the implementation of the Pan-Canadian Framework (PCF) on Clean Growth and Climate Change. At the onset, the PCF's climate change agenda was to “grow the economy, create good-paying and long-term jobs, and reduce GHG emissions in support of meeting or exceeding Canada's 2030 target” (Environment and Climate Change Canada 2016, 4). The PCF was established on the premise of the following four objectives:

1. Pricing carbon pollution;
2. Implementing complementary measures;
3. Advancing climate adaptation and resilience; and
4. Accelerating innovation and clean technology.

However, in 2018, Environment and Climate Change Canada (2018a) projected that Canada would only achieve GHG emissions reductions of 592 Mt CO₂ eq by 2030. Although Canada is 79 megatons short of its 2030 target, the federal government insists that the pan-Canadian approach to pricing carbon pollution will be a key driver in achieving its emissions reduction objectives.

A national carbon pricing scheme targets consumer and business preferences by increasing the cost of carbon-intensive goods and services. Low- and middle-income households spend a greater proportion of their income on carbon-intensive activities (Sager 2017). According to Sager, “households with higher income have on average a less carbon-intensive consumption mix, i.e. the carbon intensity of the average dollar spent is decreasing with income” (2017, 15). This is further supported by a 2016 report from Canada's Ecofiscal Commission that suggests “individuals in lower-income quintiles are more likely to spend a greater share of their expenditures on energy, food, and housing than do those with higher incomes” (Beugin et al. 2016, 8). Sager and Canada's Ecofiscal Commission both highlight the financial and social implications of carbon pricing on low- and middle-income households.

Table 1 indicates that putting a price on carbon pollution will inevitably increase the price of electricity, transportation, home heating fuels and other basic necessities. Higher prices, however, will reduce the purchasing power of low- and middle-income Canadians in particular. Hence, Canada’s approach to pricing pollution creates an income effect for low- and middle-income households across the country. This dilemma raises an important question for policy-makers and practitioners across Canada: How can the federal government achieve its GHG emissions reductions targets without disproportionately affecting low- and middle-income households, most of which are likely to shoulder the financial burden (i.e. the costs) of a low-carbon economy?

Income quintiles	Average total expenditure	Share of total household expenditure (%)					
		Energy			Food	Housing	Other
		Electricity	Transport fuels	Home heating fuels			
1	\$31,417	2.5	3.6	1.0	13.8	26.9	52.2
2	\$47,825	2.4	4.0	1.1	13.4	22.8	56.4
3	\$66,680	2.0	3.6	1.0	11.4	19.2	62.8
4	\$93,005	1.6	3.7	0.9	10.0	17.9	65.8
5	\$155,888	1.1	2.5	0.7	7.8	14.8	73.0
All	\$79,012	1.7	3.3	0.9	10.1	18.2	65.9

For each income quintile, Table 1 shows the average total expenditure as well as the allocation of expenditure across the four broad categories.
Source: Canada's Ecofiscal Commission, using CANSIM Table 203-0022 (Statistics Canada, 2016a).

Source: Beugin et al. 2016, 8

This policy package seeks to explore the ways in which the federal government may bear the costs of its climate change agenda while ensuring that low- and middle-income households are adequately supported. This report offers three bold solutions to offset the decarbonation costs incurred by low- and middle-income households that will improve the economic and social well-being of all Canadians. In its efforts to reduce GHG emissions, the federal government must integrate equity safeguards within its climate policies. This approach will ensure that the benefits of a low-carbon economy accrue to low- and middle-income households across Canada.

Selection Criteria

The objectives of this policy package are as follows:

1. To reduce Canada’s GHG emissions; and
2. To offset the disproportionate impacts of a low-carbon economy on low- and middle-income households.

The effectiveness and appropriateness of each policy option will be assessed against the following criteria:

- ⇒ **Economic efficiency:** The total costs of achieving Canada’s target level of GHG emissions at the lowest possible cost.
- ⇒ **Social equity:** The fair allocation of costs and benefits.
- ⇒ **Political feasibility:** The degree to which the policy recommendation is supported by decision-makers and decision-takers.
- ⇒ **GHG Emissions:** The ability to target key contributors to Canada's GHG emissions.

While many more criteria could have been selected to assess the policy options, the aforementioned criteria offer a broad scope and analytical rigour that will most effectively capture the strengths of all three policy options put forward in this package.

Option 1: A Complex Revenue Recycling Scheme

Background

Carbon taxes have been widely recognized as the most efficient and progressive means of reducing GHG emissions across the globe (European Environment Agency 1996). However, low-income households spend a greater proportion of their income on carbon-intensive goods and services (Sager 2017), and the introduction of a carbon tax – which started at \$20/tonne in 2019 and will rise \$10 each year to \$50/tonne by 2022 – will increase the cost of carbon-intensive goods across Canada. According to Pearson and Smith, “where the prices that rise are those of goods that form a higher proportion of the spending of the poor than of the spending of the rich, the distributional impact will tend to be regressive” (1991, 44). Canadians households – most of which have not seen a significant increase in wages in years – will face higher prices as a result of a carbon tax. To address the regressive nature of a carbon tax, the federal government committed to returning carbon tax revenues through a climate action incentive. Through this initiative, the average Ontario household would receive a net benefit of \$307, Saskatchewan would receive \$609, Manitoba would receive \$339 and New Brunswick would receive \$256 (Ragan 2018). It is essential to note that these net benefits may not be enough to offset the regressive effects of the carbon tax. In addition, provinces with the highest emissions will pay higher taxes and receive a higher rebate as a result.

Policy Proposal

It is recommended that the federal government impose a universal carbon demogrant, or grant based on demographic principles, to effectively address the regressive effects of the carbon tax while still ensuring significant reductions in GHG emissions. The revenue from the federal government’s carbon tax would be recycled through monthly payments to every household in Canada. Each household would receive the same amount of cash, providing low- and middle-income households with additional revenue to increase their purchasing power. However, this income would be taxable and subject to government clawbacks given a household’s net income for the previous year. This payment mechanism would replicate the Old Age Security (OAS) pension’s recovery threshold limits. The minimum income recovery threshold would be \$77,580 while the maximum income recovery threshold would be \$125,696. If net income exceeds this amount, the universal carbon demogrant benefits would be reduced to zero. If net income exceeds the minimum income recovery threshold (i.e. \$77,580), the individual would be required to pay back 20 percent on the excess income up to a maximum of the total benefit received. This approach would ensure that high-income earners repay the demogrant through their taxes.

**Table 2
Carbon Demogrant Income Thresholds**

Recovery tax period	Income year	Minimum income recovery threshold	Maximum income recovery threshold
July 2020 – June 2021	2019	\$77,580	\$125,696

For example, if an individual's net income is \$88,000, the repayment would be as follows:

$\$88,000 - \$77,580 = \$10,420$ [Estimated clawback amount]

$\$10,420 * 0.2 = \$2,084$ [Yearly repayment]

$\$2,084 / 12 = \173.66 [Monthly repayment]

The excess \$10,420 would require a clawback and result in a monthly reduction in demogrant benefits of \$173.66 for an 11-month period.

Cost Assessment: Universal demogrants have high administrative costs, which include tax assessment, collection and enforcement. Smulders and Vollebergh argue that it is essential to consider the “number of agents liable to the tax” as well as the costs of enforcing compliance (2001, 94). Smulders and Vollebergh further argue that considerations include transactions costs between taxpayers and tax authorities. However, a carbon tax does not require as much compliance as a cap-and-trade system and thus would require fewer administrative resources. In addition, costs would be significantly reduced as this demogrant would rely on existing tax administration infrastructure.

Economic Efficiency: In 2011, the Sustainable Prosperity Institute (now named the Smart Prosperity Institute) estimated that a carbon tax would boost government revenue by \$18- to \$50-billion per year. This revenue would be given back to low- and middle-income Canadians, increasing their purchasing power. Private consumption is a key driver of economic growth, and this additional income would further stimulate consumption. Increased spending would have spillover effects throughout the economy. For example, the Canada Child Benefit makes a significant contribution to Canada's GDP. A universal demogrant would likely have a similar effect. In the long run, as income increases, individuals would be able to afford higher-quality goods, advancing Canada's climate agenda. This would spur innovation, entrepreneurship and sustainable consumption – all of which are critical to the workings of an efficient economy.

Social Equity: A universal demogrant would allow low- and middle-income individuals to be better off financially due to an increase in purchasing power. The demogrant would prevent low- and middle-income households from absorbing the direct financial impacts of a carbon tax. Families would be better equipped financially to support the rising costs of a low-carbon economy as this demogrant would enable their transition. This approach would provide families with additional funding to purchase necessities. Because high-income earners are more readily able to transition away from carbon-intensive goods (Sager 2017), clawbacks on high-income earners would make this demogrant progressive and redistributive.

Political Feasibility: The Canada Child Benefit and many income-based projects have been popular throughout Canada. In addition, any policy that provides additional income to offset the negative effects of a government-imposed policy is likely to be received with public favour. In fact, the universal demogrant would mitigate the immediate financial implications of a carbon tax if consumers are compensated before the tax is in effect. By issuing a universal demogrant, the federal government would receive buy-in from the most vulnerable populations. This approach would offer more flexibility in the means by which households use their money. In addition, the federal government would issue tax revenue back to the province of origin. Hence,

provinces would partner with the federal government to ensure that policy design and delivery align with their own climate goals.

GHG Emissions: It is estimated that carbon pricing will reduce emissions by 80 to 90 million tonnes by 2022 (Environment and Climate Change Canada 2018b). Carbon taxes have proven to be the most effective means of reducing GHG emissions. For example, Canada's Ecofiscal Commission estimates that BC's GHG emissions would have been 15 percent higher than its current rate had it not been for the implementation of the carbon tax (Beugin et al. 2018). This universal policy would remind Canadians of their individual responsibility in the fight to advance climate action. It would enable a transition to less carbon-intensive activities, reducing emissions in the long run.

Overview: This universal demogrant would establish financial safeguards for low- and middle-income households that would be disproportionately affected by a carbon tax. By relying on existing tax infrastructure such as the OAS, it would provide policymakers with a means of ensuring that the carbon tax is progressive and redistributive.

Option 2: Urban Transit Infrastructure Program

Background

In 2015, Canada's GHG emissions totalled 722 megatons (Mt) of carbon dioxide equivalent (CO₂ eq), 24 percent of which were driven by the transportation sector (Environment and Climate Change Canada 2017). This sector includes personal and commercial vehicles. Between 1990 and 2015, emissions from the transportation sector grew by 42 percent while passenger emissions increased by 17 percent (Environment and Climate Change Canada 2017).

The Senate Standing Committee on Energy, the Environment and Natural Resource estimates that Canada is a highly urbanized country with approximately 82 percent of its population residing in urban centres and 80 percent of its population using private vehicles to get to work (Canada 2018). Kerkhof (2008) claims that as a result of a national pricing scheme, gasoline and oil would receive a price increase of 28.3 percent, a cost that would be passed on through increased fuel costs for private vehicles as well as public transportation fares. Although cities are a primary site for GHG emissions reduction, it is also important to consider the broader social factors that define these urban spaces. Evidence suggests that access to public transit is poor in many low-income neighbourhoods (Hulchanski 2007). David Hulchanski (2007) conducted a study on Toronto in which he divided the city into three categories: City 1, City 2 and City 3. Hulchanski notes that residents of City 3 have the lowest average income and are more likely to travel farther distances to secure employment. However, these residents have what he describes as "the poorest access to the Toronto Transit Commission's subway stations" (Hulchanski 2007, 8). In addition, many of these urban communities are characterized by increasing rates of urban sprawl. According to Giuliano (2005), urbanization has led to the suburbanization of low-wage jobs. As a result, central city workers experience a decline in "job accessibility, which has in turn led to both high unemployment rates and longer commutes for those who are employed" (Giuliano 2005, 64).

Policy proposal

It is recommended that the federal government reinstate the Public Transit Infrastructure Fund (PTIF) to establish light rail transit (LRT) in low- and middle-income priority neighbourhoods. This initiative would be implemented as six-year pilot projects in Toronto, Vancouver and Calgary, as these cities have the widest income gaps and experience increasing rates of urban sprawl. This project would require these cities to determine priority neighbourhoods. Priority neighbourhoods would be selected on an income basis to prioritize communities with predominantly low- and middle-income households. This approach would facilitate increased mobility as low- and middle-income workers would be better able to utilize public transit for better access to employment opportunities, social services and leisure activities. It would also incentivize individuals to use public transportation as their primary means of transport, shaping behaviour that is less reliant on private vehicles as a main mode of transportation. This policy option would increase quality of life and enable greater access to employment, essential services and leisure activities while lowering emissions. These investments would, in essence, facilitate the efficient movement of people, improve commutes, strengthen communities and grow Canada's economy.

Cost Assessment: According to Burda and Haines (2011), the Ontario government allocated \$8.73 billion to fund 51.9 kilometres of tracks (i.e. LRT lines). This plan was projected to include tunnels, stops and stations, amounting to \$167 million per kilometre (Burda and Haines 2011). As a result, this project is estimated to cost \$8.73 billion. However, given the role of both the federal and provincials governments in infrastructure and transportation policy, this project would be eligible for cost-matching with Ottawa of 50 percent of total costs. In 2017, the federal government committed \$28.7 billion for transit infrastructure (Infrastructure Canada 2018). This policy would only require a fraction of this amount and would enable Canada to meet its infrastructure investment objectives.

Economic Efficiency: An LRT is the most ideal transit infrastructure given that the alternate option, subway lines, would cost \$300 million per kilometre (Burda and Haines 2011). LRT infrastructure is the most efficient use of public resources. Firstly, investments in public transit would have spillover effects, enabling urban development and, in turn, high rates of economic activity. According to Shabani and Safaie, “rail transportation infrastructure in a province results in an increase in the economic growth of neighbouring provinces” (2018, 60). In fact, this project would provide access to larger markets, creating economies of scale. According to Burda and Haines, light rail trains “travel at 25 to 30 km/hr, subways at 30 to 40 km/hr while streetcars travel at 10 to 20 km/hr” (2011, 15). Hence, LRTs would be a more efficient mode of travel. This approach would foster mixed-use development as well as high-density – all of which increase transit usage. This policy would enable policymakers to make public transit more attractive and accessible.

Social Equity: Mobility is largely a function of resources, and “households adapt to limited mobility resources by making fewer and shorter trips” (Giuliano 2005, 64). This policy would address this disparity in transit access by serving low- and middle-income communities. According to Burda and Haines (2011), Toronto’s LRT project was first proposed to support 290,000 Torontonians, 45,000 of whom are low income, resulting in 126 million transit trips a year. Many low-income neighbourhoods are characterized by immigrant, single parent and youth

populations. Public transit would better serve these communities. In addition, this policy option would provide greater access to the job market. Giuliano (2005) suggests that a transit policy would provide more opportunities for mobility-constrained populations and may also establish housing policies that would enable marginalized groups to locate near transit infrastructure. Increased mobility would also foster social integration.

Political Feasibility: The federal government has already committed to improving the “capacity, quality, safety and accessibility of public transit infrastructure throughout Canada” (Infrastructure Canada 2018, 6). Although transit is under provincial jurisdiction, this policy proposal would rely on a previous framework that engaged all levels of government. The 50/50 cost-sharing approach would ensure the federal government does not encroach on the constitutional rights of provinces given the urban nature of this policy. The current Trudeau government has also stated its commitment to making investments that reduce GHG emissions.

GHG Emissions: Transportation is a major contributor to Canada’s greenhouse gas emissions. According to Burda and Haines (2011), an LRT system in Toronto would take approximately 140,000 cars off the road. Evidence suggests that rail transit produces less GHG emissions than road transportation (Burda and Haines 2011). According to Burda and Haines, “per dollar invested, LRTs have a bigger impact on reducing GHG emissions” (2011, 16).

Overview: LRTs have been successful in cities such as San Francisco, Amsterdam, Paris and Madrid and continue to make a global impact. This policy would therefore allow low- and middle-income communities to be less dependent on private vehicles and more reliant on public transit due to improved accessibility. This would encourage transit usage, leading to reduced reliance on road transportation and decreasing GHG emissions in the long run.

Option 3: Housing Retrofit Program

Background

A recent study on the effects of carbon pricing on household goods estimates that heating and lighting expenses would rise by 101.5 percent and electricity by 49.4 percent (Kerkhof 2008). Given that low-income households spend a larger fraction of their income on carbon-intensive goods such as heating and electricity, Kerkhof (2008) estimates that implementation of a carbon tax would result in a high tax burden on the lowest income quintile. According to McEachern and Vivian (2010), low- and middle-income households often experience “energy poverty,” meaning they spend 10 percent or more of their after-tax income on energy goods in their homes. McEachern and Vivian argue that energy poverty is determined by three factors: “1) the energy efficiency of the home; 2) household energy costs; and 3) household income” (2010, 10). In 2010, more than 270,000 families in BC were estimated to have spent more than 17 percent of after-tax income on energy (McEachern and Vivian 2010). These high utility costs affect households’ ability to afford basic necessities. In BC, low-income customers were more likely to heat their homes with electricity. High-income households do not face similar issues and are more likely to retrofit their own buildings, reducing expenditures in the long run.

Policy Proposal

It is recommended that the federal government reinstate Reno/Retro 2016 and establish a retrofit grant program for low- and middle-income households. This program would implement deep, comprehensive energy efficiency retrofits for low-income households as well as social housing that includes cooperative housing, non-profit housing and urban native housing. Reno/Retro 2020 would be administered by the Canadian Mortgage and Housing Corporation (CMHC). CMHC would receive applications on a rolling basis for a four-month period. All approved applications must be ready to be implemented within four months of approval.

The CMHC would also approve the grants. Grant applications would be evaluated on the basis of income, energy consumption savings and energy efficiency improvements. Energy efficiency improvements may include heating and cooling, heavy appliances, and building envelope as these foci would produce savings in the long run. The grant program would consist of home energy audits and \$5,000 in grants to assist homeowners in purchasing energy efficient equipment for insulation and heating, air conditioning systems, and ventilation. Program design and delivery would be established by provincial and territorial governments given their jurisdictional authority over energy policy. The proposed income threshold is outlined in Table 3.

Table 3
Reno/Retro 2020 Income Thresholds

Household size	1	2	3	4	5	6	7
Maximum household income	\$22,133	\$31,302	\$38,335	\$44,266	\$49,491	\$54,215	\$58,558

Source: Statistics Canada, 2016 Census of Population

N.B. These numbers are based on the *Low-income measures thresholds (LIM-AT and LIM-BT) for private households of Canada, 2015* developed by Statistics Canada.

Table 3
Reno/Retro Income Thresholds using 2018 constant dollars

Household size	1	2	3	4	5	6	7
Maximum household income	\$24,183	\$34,200	\$41,886	\$48,366	\$54,075	\$59,236	\$63,982

In addition, by providing incentives for energy efficiency improvements, this program would ensure long-term sustainability. This project would have a goal of 150,000 retrofits. Table 4 presents the timeline for implementation.

Table 4
Reno/Retro Implementation Draft Timeline

Activity	Timeline
Applications	January – May 2020
Energy Audits	March – May 2020
Retrofit project implementation	March – May 2020

Cost Assessment: A year-long pilot program would cost \$114.8 million in order to support the long-term sustainability of housing. In 2010, the federal Department of Finance projected that it would cost \$300 million to support 200,000 home retrofits (Canada 2010). Therefore, a project like this today would cost approximately \$150 million for 100,000 retrofits. In its 2019 budget, the federal government committed \$183 million to Low Carbon Cities Canada for energy efficiency and \$300 million to Community Ecoefficiency Acceleration to support home energy efficiency retrofits (Canada 2019). In addition, the government committed \$300 million to Sustainable Affordable Housing Innovation to “provide financing and support to affordable housing developments to improve energy efficiency in new and existing housing and support on-site energy generation” (Canada 2019, 84).

Economic efficiency: Retrofits make buildings more energy efficient and reduce households’ costs in the long run. There are many social housing units across Canada, but there is a need to improve the quality of these residences. This program would increase the demand for labour and other goods and services, creating more jobs. Social housing is the most efficient target given that many property owners already have access to existing resources for properties. Improved social housing would increase the living experience of residents. This project would enable municipal councillors to spend less time on tenant issues, providing more opportunities to deal with other concerns.

Social equity: This program would improve the lives of the most vulnerable, including seniors, persons with disabilities, single-parent families, recent immigrants and Indigenous communities. McEachern and Vivian (2010) argue that low-income individuals are less knowledgeable about energy upgrades and, as result, they are not fully aware of the types of upgrades to pursue. This program would ensure proper insulation and heating for low- and middle-income communities. McEachern and Vivian (2010) claim that poor insulation and heating have led to high mortality rates during the winter as well as instances of pneumonia. Improved energy efficiency would reduce utility costs for residents and social housing providers (Moore et al. 2017, 302). Low-energy households experience improved livability through reduced utility costs. For example, Moore and colleagues claim that energy efficiencies made in social housing units in one Australian city led to “an average direct financial benefit of \$1,050 a year from reduced consumption and accounting” (2017, 304)

Political feasibility: The federal government has pledged a commitment to affordable and accessible housing. In fact, a key component of its political strategy has been a national housing

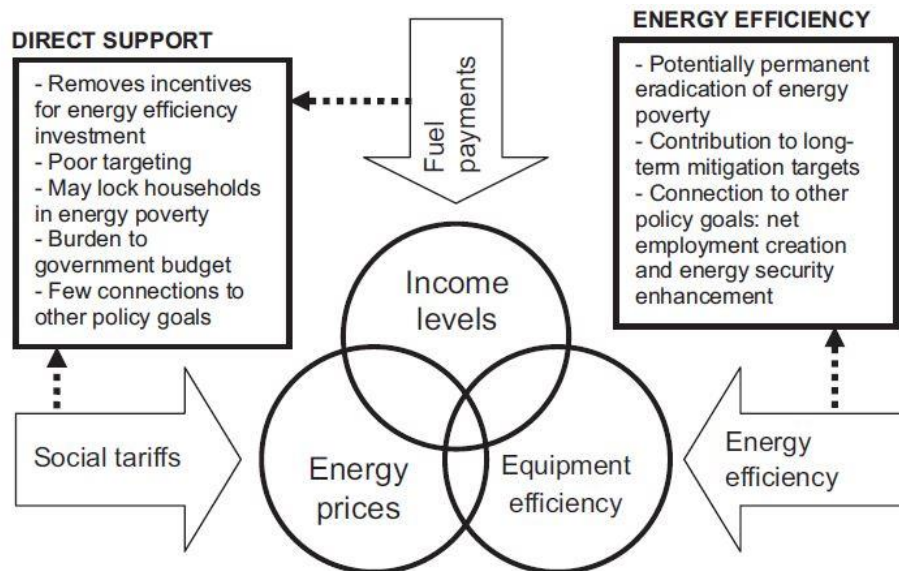
strategy. This program would advance affordable housing, further enabling the government to act on its commitment to affordable housing. The 2019 federal budget demonstrated a clear commitment to these efforts through investments in Sustainable Affordable Housing Innovation and Community EcoEfficiency Acceleration. Although energy is a provincial jurisdiction, the federal government’s previous experience in engaging directly with municipalities would serve as an advantage. The federal government could build on this foundation for energy efficient investments while provincial and territorial governments could implement programs of their own design. The federal government and provinces have previously worked on energy-related projects and this policy option would be no different.

GHG Emissions: Households and personal transportation are significant sources of greenhouse gases. Housing (i.e. the residential sector) accounts for 16 percent of national greenhouse gases (Tsenkova 2018). A case study completed by Moore and colleagues estimates that “tenants in the low-energy houses purchased 62 percent less electricity compared to the Department Standard and 45 percent less electricity compared to the control households” (2017, 302). This program would enable low-energy social housing. Moore and colleagues further indicate that this policy option would result in the improved technical performance of households as well as reductions in GHG emissions – all of which contribute to the federal government’s ability to meet its climate goals.

Overview

This policy option would attempt to empower low-income individuals and provide them with the opportunity to live better quality lives. Home upgrades would not only improve health outcomes for these communities but they would also reduce GHG emissions, making these homes more efficient and affordable. Figure 1 demonstrates this intersection and reminds readers that energy, income and efficiency are all connected.

Figure 1
Contributing Factors and Policy Entry Points to Fuel Poverty and Their Relation to Climate Change



Source: Üрге-Vorsatz and Herrero 2012

Conclusion

To improve the economic and social well-being of all Canadians, the federal government must integrate equity safeguards within climate policy to ensure that the benefits of a low-carbon economy accrue to low- and middle-income households across Canada. This policy package recommends a wide range of policy instruments to reduce GHG emissions and offset the disproportionate impacts of a low-carbon economy on low- and middle-income households. A universal demogrant would increase the purchasing power of low- and middle-income households while providing incentives to ensure that carbon-intensive goods are phased out of the market. Improved access to transit through an LRT expansion would reduce reliance on private vehicles and provide more economic opportunities for low- and middle-income communities. Finally, social housing retrofits would ensure that the most vulnerable communities benefit from higher energy efficiency while also improving their well-being and quality of life.

Low- and middle-income communities would be better off from the redistributive effects of all three policy options. High initial spending on these key areas would reduce long-term climate mitigation costs. This package targets climate change, public transit, equity and housing – all of which align with the federal government's current political agenda without interfering with provincial jurisdiction. Finally, each option targets a key driver of GHG emissions within Canada, providing an opportunity for Canada to achieve its 2030 GHG emissions reductions target.

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