



OPINION

Canada needs a new playbook on climate

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As Canada prepares for next month's historic UN climate summit in Glasgow, Scotland, we need to see climate as an opportunity to transform every sector of our economy.

Our country's ambitious climate goals include a 40-per-cent emissions cut by 2030 and a complete shift to "net-zero" by 2050. At this point we are behind. With our current path and speed, we can see our way to about a 27-per-cent reduction by the end of this decade and will have at least 30 per cent of emissions left in 2050. We are not tackling climate change fast enough to succeed. And we need to make the biggest economic transition of our lifetime in an orderly fashion so we create prosperity for Canadians rather than destroy industries and sectors that Canada relies upon. Business as usual won't get us there.

It will take a new playbook to increase and scale climate activities and investments faster – one that steadily invests a further \$60-billion annually for the next 30 years, or an estimated \$2-trillion in total, according to a new RBC research report. And a new playbook must provide long-term stability, have faster decision-making and achieve better co-ordination on how we deploy the capital to create reinforcing demand and supply. This includes a focus on the technologies, behaviours and subsectors that matter most to achieving net-zero.

Canada has made good progress in many sectors. We have leading innovators in key climate technologies, and subsidies and incentives are in place to drive adoption of them. And we are using levers such as progressive carbon pricing.

However, we are too fragmented in our approach, and don't have enough policy certainty or funding commitments to create the momentum required to reach our climate goals. For example, it will be critical to have tight co-ordination on how we build a network of electric-vehicle charging stations, improve battery capacity, drive new electric-vehicle registrations – they are currently 2 to 3 per cent – and double our electricity supply. By taking a more connected and holistic approach, Canada can be an active player in the next generation of the auto industry.

Another example where better co-ordination can create scale and accelerate the pace to reach net-zero is in agriculture. The sector represents a significant source of emissions but also the opportunity to invest in new technologies and food production processes that lower emissions and make Canada more competitive on the world stage. This includes ensuring farm land is an active carbon sink, increasing the electrification of farm equipment, new planting strategies and biofuel production.

Our report concludes there are six pathways Canada could pursue in more co-ordinated ways – from retrofitting buildings and electricity production, to sustainable agriculture and electric vehicles. To organize and bring these pathways to life would require a different construct for bringing stakeholders and climate activities together. Government could explore the merits of creating a new public-private entity – one that is seeded with public and private capital, including Indigenous capital, and is able to draw on capital markets to attract more.

Any potential body would also need transparent governance and public accountability, while having direct lines into the federal and provincial governments to ensure regulations are not slowing down the mission. And finally, any co-ordinating construct would need to be protected from political cycles, the way the Canada Pension Plan Investment Board is, maintaining the independence to ensure the climate agenda stays above partisan lines or federal-provincial divides over three decades.

To work effectively, any entity would also need to be enabled by some key policy changes to assure speed and stability. Some potential areas could include a more focused use of the revenue from carbon pricing, scaling home retrofits and encouraging more consumer demand for green products.

Together, this would represent a courageous move but one that is needed. It won't be easy, and there are big decisions to be made. Canada needs to mobilize an unprecedented amount of capital while facing a challenging outlook for economic growth, significant debt from the pandemic response and an aging society. But if we get this right, Canada can drive growth and get us on a path to net-zero.

In doing so we will help save our planet, usher in a new age of ideas and innovations to create prosperity and jobs for Canadians, and position our economy for long-term sustainable growth.

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