

# What now? The cost of climate policy in Canada after Kyoto

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At the end of 2002, Ottawa formally signed the Kyoto Protocol, prompting an abrupt shift in the debate on climate change within Canada. As a signature state, Canada must now move beyond debating the merits of Kyoto and instead focus on exploring options and taking action to meet the goals set out in the Protocol.

While signing the Protocol was a decision of the federal government, all levels of government will be affected by the obligations imposed by the Protocol and all levels of government will be required to take action. For example, the Protocol obliges Canada to reduce greenhouse gas emissions below 1990 levels between 2008 and 2012. For Canada, as a whole, to meet the Protocol, all levels of government (including municipal governments) need to better inform themselves on the subject of climate change.

*The Cost of Climate Policy* by **Mark Jacard, John Nyboer and Bryn Sadownik** is an excellent starting point, as this somewhat technical volume examines the economic impact meeting Kyoto's requirements will have on all Canadians. By weaving technical analysis with public policy considerations, the authors illuminate an often convoluted and complex topic and provide the reader with an excellent account of the situation certain sectors and regions of the country are facing. Using Canada as the case study, this volume examines the impact of emissions reduction policies (now required as part of Kyoto) on energy prices, technology options and lifestyle choices.

With the goal of providing the reader with an independent and comprehensive estimate of the costs associated with climate change policy, the volume begins with a detailed account of the nature of 'earth' and why changes in the concentration of greenhouse gas in the atmosphere can have such impacts. The chapter touches on a number of international initiatives that address this issue, such as the Rio Summit and the Kyoto Protocol.

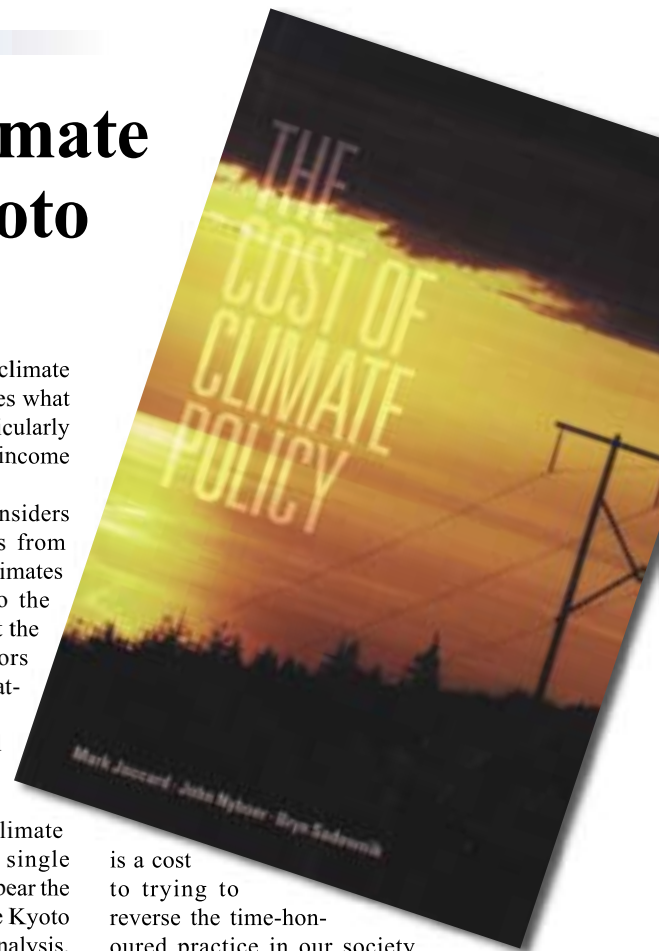
The book then provides models for estimating emissions reduction and policy costs; these models provide the basis for many of the conclusions fleshed out later in the volume. This is followed by an exami-

nation of national estimates of the climate policy costs in Canada, and discusses what they might mean for Canadians, particularly in relation to issues such as family income and quality of life.

*The Cost of Climate Policy* considers the impact of emissions estimates from two main perspectives. First, the estimates are dissected by reducing them to the sector level. -The estimates find that the transportation and industrial sectors are those that need to make the greatest reductions.

Next, the estimates are examined on a regional basis. The federal and provincial governments, in the previously announced National Climate Change Process, agreed that no single region of the country should have to bear the burden for the implementation of the Kyoto Protocol. According to the authors' analysis, the agricultural sector is the greatest source of emissions in Manitoba, followed closely by the transportation sector. This is unique among the prairie provinces, as coal-based electricity is the greatest source of emissions for Saskatchewan and Alberta. While some regions of Canada are burdened with having to rely heavily on coal to generate electricity, Manitoba benefits from hydroelectricity, which produces fewer emissions. With 4% of Canada's population, Manitoba currently emits only 3% of Canada's total share of emissions, a fact attributed, in part, to Manitoba's abundance of hydroelectricity. Despite regional differences, it is nonetheless apparent from the authors' model that all regions of Canada will be negatively affected economically by having to make adjustments to meet the Kyoto requirements.

Overall, this volume illustrates that climate policy and environmental sustainability are difficult issues to deal with. In part, this is because it is "difficult for people to connect their actions as consumers with the local environmental impacts that concern them as citizens" (p.175). As well, "the environmental effects of human activity are increasingly global and intergenerational," and it is, therefore, difficult for one generation in one region to connect the repercussions of its actions in the pursuit of wellbeing with another region or generation. Finally, there



is a cost to trying to reverse the time-honoured practice in our society of treating the environment as a "free and unlimited waste receptacle" (p.175). It is within these very challenges that all governments must act.

What can municipalities do? While it appears that much of the focus for action has been on the federal and provincial governments, municipalities also have a role to play in the climate policy process. Reducing the costs of living on the environment is something all municipalities can, and now must, strive to accomplish. This can be done through initiatives such as local recycling programs and the Manitoba Municipal Efficiency Program. However, municipal governments must strike a balance. Unfortunately, the reality is that, all too often, public policy is reduced to the question, 'what does it cost?'. Policy-makers are in the unenviable position of having to balance the large costs incurred in the short and medium term with the uncertain benefits of current action on the future. As well, "Taking proactive action is difficult when it involves changes to current lifestyles and consumer preferences and when a high level of cooperation is needed from widely disparate and unequal nation-states" (p. xvii-xviii). These are the very questions raised in *The Cost of Climate Policy* and the questions that face all levels of government today. ●