

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, JUNE 16, 2021**

SUBJECT **Cancellation of the Provincial Climate Action Revenue Incentive Program**

ISSUE SUMMARY

To provide the Capital Regional District (CRD) Board with an update on the cancellation of the Provincial Climate Action Revenue Incentive Program (CARIP) and its implications for the CRD and local governments, and proposed next steps.

BACKGROUND

On May 11, 2021, representatives from the Ministry of Municipal Affairs announced that the Province was ending CARIP in the 2021-2022 fiscal year. Staff indicated this decision was a direct result of the recently introduced provincial budget. A follow-up letter was sent to BC Mayors and Board Chairs (Appendix A).

CARIP is a provincial grant program that provides funding to local governments that signed the BC Climate Action Charter. The grant was equal to 100 per cent of the carbon taxes that eligible local governments paid each year. CARIP requires local governments to report annually on their greenhouse gas (GHG) emissions and encourages investment in climate action to help the Province deliver on its commitment to carbon neutrality. Since the Climate Charter was launched in 2007, 187 of 190 municipalities, regional districts and the Islands Trust have signed up, providing the Province with a comprehensive database of municipal corporate emissions inventories and corporate and community climate actions implemented at the local level.

By removing the CARIP, the provincial government will retain the carbon tax paid by local governments. The carbon tax was designed to be revenue neutral and a stimulus toward a low-carbon economy. The Province continues to return carbon tax revenue to individuals and businesses.

The Province has indicated there is \$11 million in new funds to be provided to the Union of BC Municipalities (UBCM) to invest in local government plans for “compact, energy-efficient communities.” There was no further information on this future program, except that it is understood not to be a replacement for CARIP. Staff recognize that the grants landscape from the federal and provincial governments is quite strong, but these grants have high barriers to access being that they are specific, competitive, time-bound and require matching funding and internal staff capacity to navigate; therefore, reliable, non-competitive programs such as CARIP are preferred.

ALTERNATIVES

Alternative 1

The Environmental Services Committee recommends to the Capital Regional District Board:

That the Board Chair send a letter to: Premier John Horgan; the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and UBCM detailing the impact of

cancelling the Climate Action Revenue Incentive Program (CARIP) and requesting that the Province engage local governments on the swift replacement of CARIP with a program that provides consistent, non-application based funding, with first payments received by local governments in 2022.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Intergovernmental Implications

Local governments remain a key partner in achieving CleanBC targets. The timing of, approach to and impacts of the termination of CARIP have caused considerable concern to staff across BC local governments. As CARIP funding was directly carbon tax paid, smaller local governments may not see as much funding returned and are, therefore, less impacted. Others are greatly impacted and the loss is a risk to future efforts. As such, a number of responses are planned or under consideration, including UBCM resolutions. On May 17, the District of Saanich council passed a motion “requesting that the Province engage local governments on the swift replacement of CARIP with a program that provides consistent, non-application based funding, tied to annual climate reporting and with first payments received by local governments in 2022.” A similar motion was passed by the City of Victoria on May 20 and the District of Central Saanich on May 31.

Financial Implications

Historically, the CRD has received approximately \$60,000 to \$70,000 annually from CARIP. Funding has been used to supplement the salary of a dedicated corporate climate action staff position.

Service Delivery Implications

CARIP has been a very valuable source of non-competitive, consistent funding, allowing local governments to take action on climate change by resourcing staff, funding emissions reduction projects and climate adaptation planning activities, undertaking community programs, and leveraging larger climate-related grants. In the CRD’s case, the funds have been allocated to supplement the salary of a dedicated corporate climate action staff position. This position undertakes annual corporate greenhouse gas accounting, provides capacity-building support to staff on both mitigation and adaptation topics, develops and supports corporate climate mitigation and adaptation policies and procedures, facilitates multiple departments in accessing grants and continues to initiate key greenhouse gas reduction projects.

Without a funding replacement, a reduction of service will be required. Staff are actively considering options to maintain service levels through the 2022 budget planning process.

Alignment with Board & Corporate Priorities

The Board declared a climate emergency in February 2019. Accelerating climate action within the corporation and across the region is embedded into various actions within the 2019-2022 Board Priorities and Corporate Plan.

CONCLUSION

On May 11, 2021, the Province announced the cancellation of the Climate Action Revenue Incentive Program in the 2021-2022 fiscal year. Local governments, including the CRD, have relied on this funding as a consistent source to fund key climate action activities. The financial loss represents risk to future efforts and progress in climate action. Staff recommend that the CRD Board advocate to the Province to work with local governments on a replacement program.

RECOMMENDATION

The Environmental Services Committee recommends to the Capital Regional District Board:

That the Board Chair send a letter to: Premier John Horgan; the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and UBCM detailing the impact of cancelling the Climate Action Revenue Incentive Program (CARIP) and requesting that the Province engage local governments on the swift replacement of CARIP with a program that provides consistent, non-application based funding, with first payments received by local governments in 2022.

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ATTACHMENTS:

Appendix A: Letter from Ministry of Municipal Affairs to BC Mayors and Board Chairs regarding Cancellation of the Provincial Climate Action Revenue Incentive Program (May 11, 2021)