

#StopFundingFossils

New poll shows Canadians want to end public subsidies for oil and gas companies



#StopFundingFossils is a coalition of environmental groups that have come together to ensure Canada fulfills and accelerates its commitment to phase out fossil fuel subsidies by 2025.



environmental
defence
INSPIRING CHANGE



Canada
CLIMATE ACTION NETWORK
RÉSEAU ACTION CLIMAT

équiterre



IISD

International Institute for
Sustainable Development

 OILCHANGE
INTERNATIONAL

New polling shows that Canadians are strongly opposed to federal and provincial governments using public dollars to subsidize oil and gas companies. Despite this significant public opposition, Canadian governments continue to hand out billions of dollars in fossil fuel subsidies, without disclosing to the public the value of the financial supports and tax provisions available to the industry. Canada must follow through on its commitment to phase out public subsidies to fossil fuel companies by 2025.

INTRODUCTION

Every year, federal and provincial governments in Canada give billions in subsidies to oil and gas companies.¹ A subsidy is a financial benefit given by the government, usually to a specific business or industry. The benefit can be a direct handout of cash or a tax break that has the same effect. Either way, it's more money in the pocket of the company. A fossil fuel subsidy goes to fossil fuel producers or consumers—whether it's for digging tar sands out of the ground, shipping gas through a pipeline, or burning oil for energy.

Fossil fuel subsidies are provided by both federal and provincial governments. Examples of federal programs include the Canadian Development Expense, the Canadian Exploration Expense, and the Accelerated Capital Cost Allowance for Liquefied Natural Gas assets. Provincial programs include Crown Royalty Reductions in Alberta and the Deep Drilling Credit in British Columbia.² Additionally, Export Development Canada, a crown corporation, provides billions of dollars in financing to fossil fuel companies, including over \$10 billion in 2017.³ Finally, the fossil fuel industry has access to a number of additional federal tax provisions and policies, most of which were put in place decades ago and fail to take into account current understandings of negative externalities, such as the costs of climate change to human health, communities and the economy.

Canada has committed to ending fossil fuel subsidies for years, but still has a long way to go.

In 2009, all G20 countries including Canada committed to phase out these subsidies.⁴ The federal government also made a commitment to phase them out in its platform during the last federal election.⁵ This commitment was included in the Prime Minister's mandate letters to the Minister of Finance and Minister of Environment and Climate Change.⁶ It was reaffirmed by the Prime Minister in conjunction with the governments of the United States and Mexico in June 2016.⁷ Most recently, the federal government renewed this commitment in April 2018 through the Canada - France Climate and Environment Partnership.⁸ However, in his May 2017 audit, Canada's Auditor General reported that he was unable to obtain key documents and budget analyses from Finance Canada to determine what progress has been made toward this commitment.⁹

Any fiscal environment that gives oil, gas and coal companies supportive tax treatment and lets them deduct operating expenses from their income is inconsistent with climate action. Fossil fuel subsidies undermine carbon pricing, work against the achievement of Canada's climate targets, encourage more fossil fuel exploration and production, and allocate scarce public resources away from other priorities like health care, education and renewable energy. **Bloomberg has called fossil fuel subsidies the “world's dumbest policy”—wasteful, expensive, environmentally destructive, and unnecessary.¹⁰ The elimination of these subsidies is critical to national and global efforts to achieve the Paris Climate Agreement.¹¹**

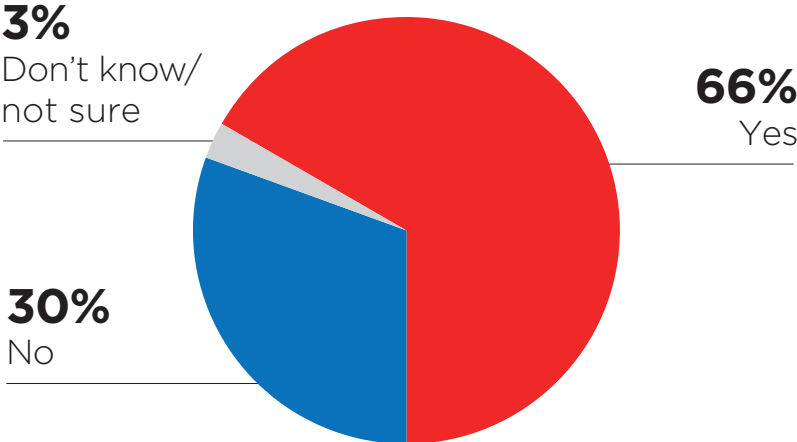
CANADIAN PERSPECTIVES ON FOSSIL FUEL SUBSIDIES

Fossil fuel subsidies are clearly bad policy. But are they good politics? Climate Action Network, Environmental Defence, Équiterre, the International Institute for Sustainable Development, and Oil Change International wanted to find out. We commissioned Ekos Research Associates Inc. to undertake a study of public attitudes towards fossil fuel subsidies.¹² **The polling shows that a large majority of Canadians are opposed to the use of public money to subsidize oil and gas companies, in virtually every part of the country,** with the notable exception of Alberta, the heart of Canada’s oil and gas industry. Public opposition remains relatively constant across gender, age, region, education, and income, but on balance Canadians who are younger, university-educated and tend to vote Liberal, NDP or Green are more likely to want to phase out subsidies. Canadians want increased government transparency on fossil fuel subsidies, see little if any positive economic impacts of subsidies, and are more likely to vote for political parties that plan to phase out subsidies. Canadians also recognize the multiple benefits of ending fossil fuel subsidies, including accelerating efforts to tackle climate change, decreasing public spending on private companies, freeing up money for other priorities like health care, education and housing, and creating a level playing field for renewable energy.

AWARENESS OF FOSSIL FUEL SUBSIDIES

Awareness of fossil fuel subsidies

Q. Are you aware that Canada’s federal government and some provincial governments provide subsidies to oil and gas companies?



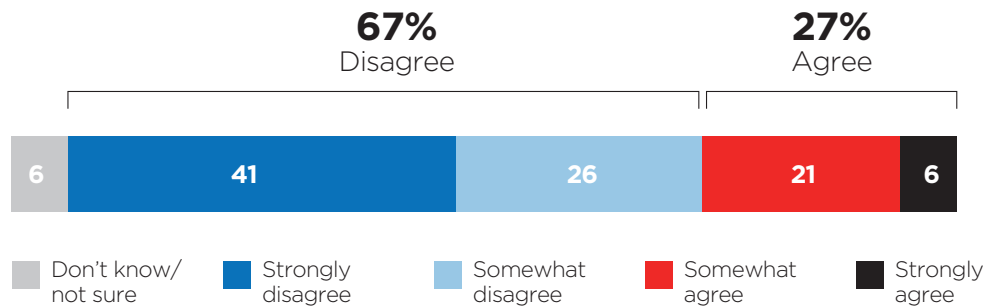
Two-thirds of poll respondents reported that they are aware that the federal government and some provincial governments provide financial assistance to fossil fuel companies. Three in ten said they were unfamiliar with these subsidies.

SUPPORT FOR FOSSIL FUEL SUBSIDIES

Support for fossil fuel subsidies

Q. Do you agree or disagree with the following statement?

Oil and gas companies should receive subsidies from Canada's federal and provincial governments.



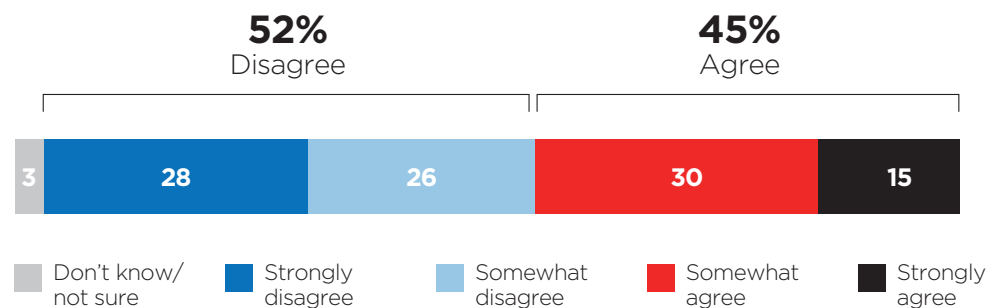
Two-thirds of Canadians disagree that oil and gas companies should receive subsidies, including 41 per cent who “strongly” disagree. Just over one-quarter of respondents feel that oil and gas companies should receive subsidies. Even in Alberta, nearly half (48 per cent) of respondents disagree with public subsidies for fossil fuel companies. Similarly, even among Conservative voters, less than half (47 per cent) supported subsidies. Public opposition to subsidies was strong in every demographic that was measured, ranging between 57 and 76 per cent across genders, age groups, education levels, income levels, and languages.

JOBS AND ECONOMIC GROWTH DO NOT JUSTIFY FOSSIL FUEL SUBSIDIES

Conditional support for fossil fuel subsidies

Q. Do you agree or disagree with the following statement?

Oil and gas companies should receive subsidies from Canada's federal and provincial governments, as long as those companies create jobs and economic growth for Canadians.



Even when Canadians are told that giving public money to oil and gas companies will create jobs and economic growth, more than half still don't like the idea of subsidies. Not surprisingly, conditional support for fossil fuel subsidies is higher in oil and gas producing regions. Seventy-five per cent of Albertan respondents agreed with this question, compared to 45 per cent nationally. More than half (55 per cent) also agreed with this question in Atlantic Canada, another region where oil is produced.

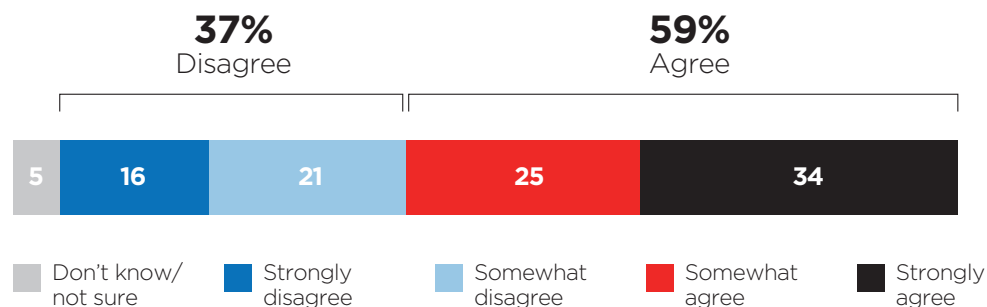
However, opposition to subsidies, regardless of job creation and economic growth, outweighed support in other regions where oil and gas are produced, such as British Columbia (53 vs. 43 per cent) and Saskatchewan/Manitoba (50 vs. 45 per cent). Significantly, two-thirds of Quebec respondents disagreed, compared to 52 per cent nationally. Those who agreed with this statement were also more likely to be Conservative voters (71 per cent, compared to 45 per cent on average). The potential for jobs and economic growth also appealed more to high school and college-educated Canadians, of which 60 per cent and 57 per cent, respectively, agreed, compared to just 37 per cent of university graduates.

ENVIRONMENTAL AND CLIMATE CONSEQUENCES OF FOSSIL FUEL SUBSIDIES

Environmental consequences of subsidies

Q. Do you agree or disagree with the following statement?

Oil and gas companies should not receive subsidies from Canada's federal and provincial governments, as these subsidies exacerbate environmental pollution and contribute to climate change.



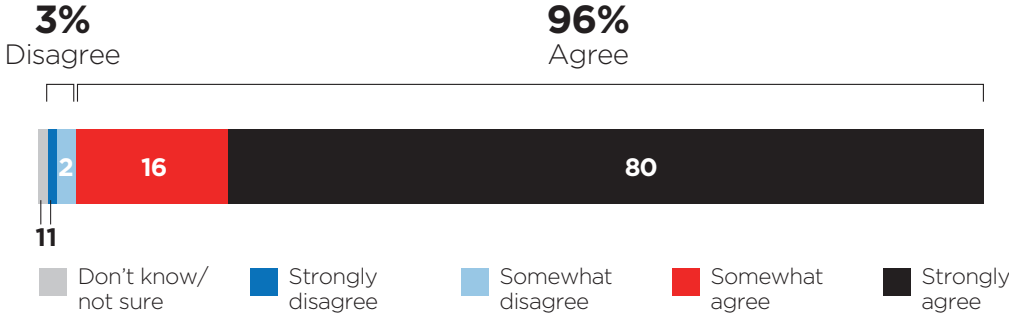
Polling results suggest that many Canadians find the environmental consequences of fossil fuel subsidies to be a strong argument for eliminating them. **Six in ten (59 per cent) agree that oil and gas companies should not receive government assistance on the basis that these funds exacerbate pollution and contribute to climate change.** Just over one-third (37 per cent) disagree with this idea. Notably, women were significantly more likely to care about the climate and environmental consequences of subsidies than men (31 per cent of women disagree vs. 42 per cent of men). Residents of central Canada were more likely to agree with environmental arguments against fossil fuel subsidies (71 per cent in Quebec and 62 per cent in Ontario, compared to 59 per cent nationally). However, the Prairie provinces (59 per cent in Alberta, and 58 per cent in Saskatchewan/Manitoba) were less likely to view the environment and climate change as a reason to eliminate fossil fuel subsidies. Conservative supporters were also much more likely to reject the environmental argument.

GOVERNMENT TRANSPARENCY ON FOSSIL FUEL SUBSIDIES

Perceived need for transparency

Q. Do you agree or disagree with the following statement?

The federal government should disclose to Canadians how much oil and gas companies receive in subsidies.



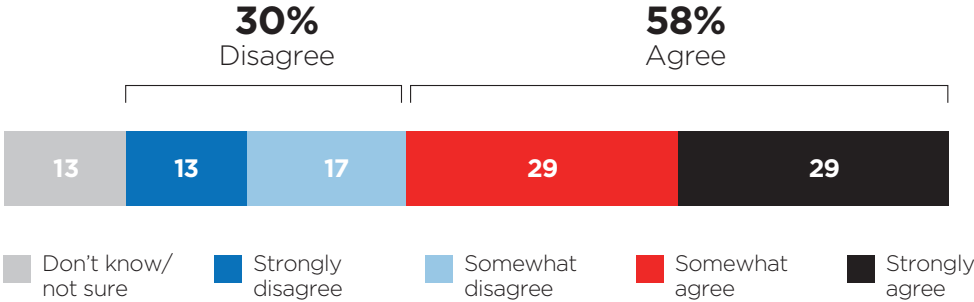
Regardless of their stance on whether governments should provide assistance to oil and gas companies, **there is virtual consensus among Canadians on the need for transparency.** Nearly all respondents (96 per cent) agree that the federal government should disclose how much oil and gas companies receive in subsidies (including 80 per cent who ‘strongly’ agree), while just three per cent disagree. These data suggest that the federal government should move quickly to enhance transparency by providing the Auditor-General with the documents needed to assess the government’s progress toward meeting its commitment to phase out fossil fuel subsidies. Canada should also work with other G7 countries to create a standardized method for public disclosure of subsidies and enter into a peer review agreement with another G7/G20 country.

CANADIANS MORE LIKELY TO VOTE FOR A PARTY THAT PROMISES TO ELIMINATE SUBSIDIES

Impact of subsidies on political leanings

Q. Do you agree or disagree with the following statement?

I am more likely to vote for a political party that supports eliminating subsidies to oil and gas companies.

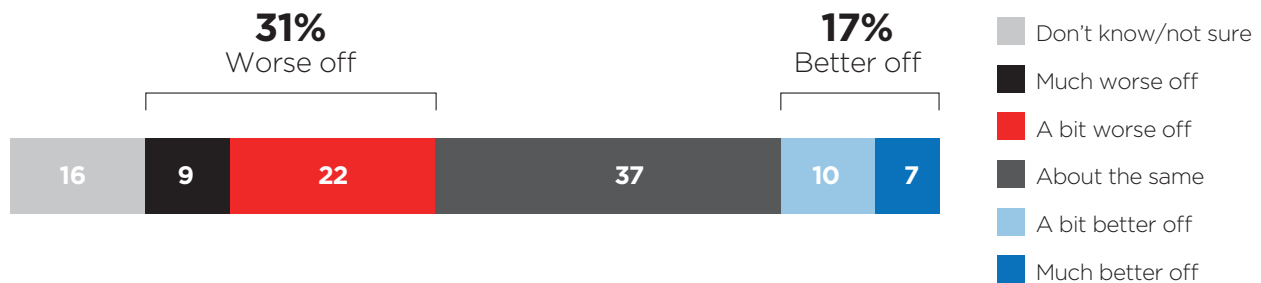


The polling results suggest that fossil fuel subsidies could play a role in future elections. Six in ten Canadians (58 per cent) say that they would be more likely to support a political party that promises to eliminate subsidies to oil and gas companies, while just three in ten (30 per cent) disagree with this idea. Regionally, significant majorities in Ontario (61 per cent) and Quebec (71 per cent) are particularly likely to say they would be more inclined to vote for a party that supports eliminating fossil fuel subsidies, compared to 58 per cent nationally. Alberta residents, meanwhile, are more apt to reject this notion (54 per cent, compared to 30 per cent nationally). University graduates are more likely to agree that a proposed elimination of fossil fuel subsidies would increase their likelihood of voting for a political party (64 per cent). College-educated Canadians are more likely to disagree with this idea (38 per cent, compared to 25 per cent of university graduates). These data suggest that progressive political parties can count on a commitment to phase out subsidies to attract large segments of the Canadian electorate.

ECONOMIC IMPACTS OF ENDING FOSSIL FUEL SUBSIDIES

Economic impact of ending subsidies

Q. If Canada's federal and provincial governments stopped giving subsidies to oil and gas companies, Canada's economy would be:

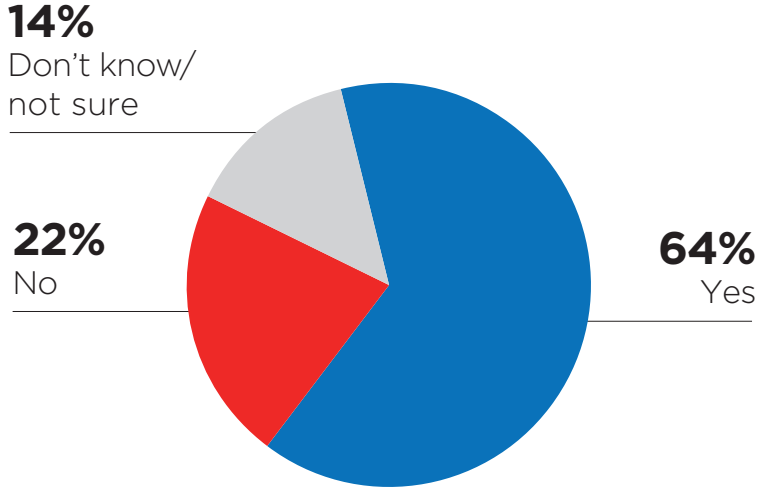


Just three out of ten respondents felt that stopping subsidies to oil and gas companies would have negative economic impacts. Most Canadians believe that eliminating fossil fuel subsidies would have either have no impact on Canada's economy (37 per cent), or leave the economy better off (17 per cent). These results hold true even in most oil and gas producing regions, including B.C. (54 per cent), Saskatchewan/Manitoba (50 per cent) and Atlantic Canada (58 per cent). Alberta was the only province in which a majority (59 per cent) of respondents thought the economy would be worse off if subsidies were ended. Conservative supporters are more likely to feel that Canada's economy will be worse off (47 per cent, compared to 31 per cent on average). But the data suggests that most Canadians are not concerned about the economic impacts of ending subsidies.

PUBLIC SUPPORT FOR ENDING FOSSIL FUEL SUBSIDIES

Support for ending fossil fuel subsidies

Q. International organizations like the World Bank and the International Monetary Fund are advocating for the end of subsidies to oil and gas companies. Do you think governments should stop providing subsidies to oil and gas companies?

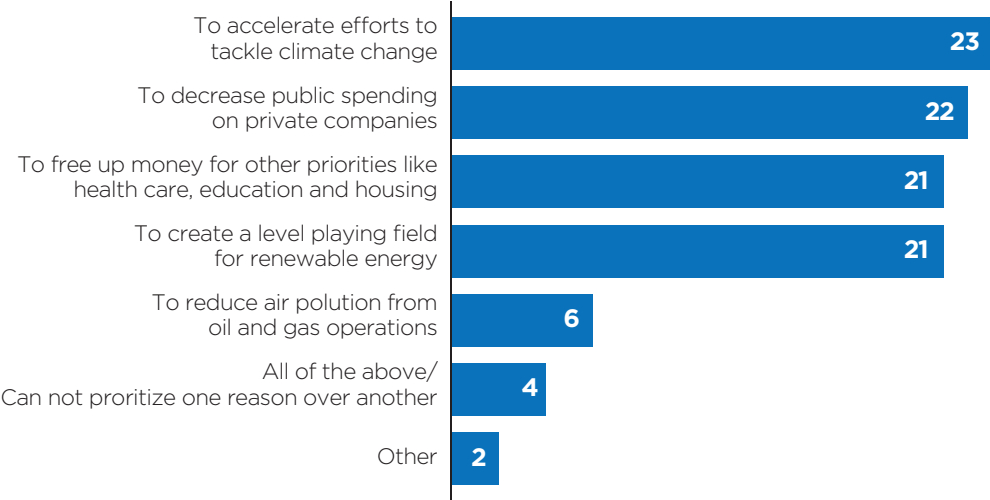


Respondents were informed that many international organizations (such as the World Bank and the International Monetary Fund) are advocating for an end to fossil fuel subsidies, and then asked whether they believe Canada should heed this recommendation. **Given that two-thirds of respondents expressed opposition to fossil fuel subsidies in a previous question, it is not surprising that roughly the same proportion – 64 per cent – support eliminating them.** Just one in five (22 per cent) are opposed to eliminating these subsidies. Albertans (34 per cent opposed vs. 49 per cent on average) and Conservative supporters (40 per cent opposed vs. 44 per cent support on average) were the only groups of respondents in which a plurality were against governments eliminating the provision of public money to oil and gas companies.

REASONS FOR SUPPORTING ENDING FOSSIL FUEL SUBSIDIES

Reasons for supporting end to subsidies

Q. [IF YES] Which of the following do you think is the main reason governments should stop providing subsidies to oil and gas companies?



Those who expressed support for ending fossil fuel subsidies were asked to elaborate on why they would favour such a move. Responses were varied and did not appear to centre on any one theme, but **more than half of the responses evoked a need for greater climate action**: 23 per cent cited combating climate change, 21 per cent cited creating a level playing field for renewable energy, and another six per cent mentioned the need to reduce air pollution. Twenty-one per cent would like to see fossil fuel subsidies eliminated to free up money for other priorities like health care, education and housing. Four per cent cited a combination of all of the aforementioned reasons. Twenty-two per cent, or 53 per cent of Conservative supporters, cited the need to decrease public spending on private companies as the reason for ending fossil fuel subsidies. This is consistent with an April 2018 poll that showed the majority (56 per cent) of Canadians are opposed to the government using taxpayer funds to become investors in the proposed Kinder Morgan pipeline.¹³ **The poll results indicate that Canadian governments have broad public support to end fossil fuel subsidies and invest instead in climate action and other pressing social and economic priorities.**

CONCLUSION

A large majority of Canadians are opposed to public money being used to support oil and gas companies and want to see these subsidies phased out. Canadians want transparency on how much public money is supporting fossil fuel companies, they understand the environmental and climate benefits of ending these subsidies, and are more likely to support political parties that promise to phase them out.

Despite the broad national and cross-demographic support for ending fossil fuel subsidies, respondents from Alberta are clearly concerned about the economic impacts of removing public support for oil and gas companies. The results underscore the need to be attentive to the perspectives and concerns of the workers and communities that will be most impacted by efforts to reduce carbon pollution and build a clean economy. Targeted programs must be put in place to ensure that workers and communities that are most dependent on the oil and gas industry, such as those in Alberta and Saskatchewan, can share in the prosperity of a just transition toward clean jobs and a low-carbon future.

These results also demonstrate that the federal government can move forward with its commitment to phase out fossil fuel subsidies while maintaining strong public support.

In the short term, Canada can demonstrate international climate leadership and fulfill its commitment to phase out fossil fuel subsidies by:

- Undertaking a Finance Canada review to reform and remove subsidies and tax provisions that are available to the fossil fuel industry, including support for oil, gas and coal companies provided by Export Development Canada
- Using its 2018 chairmanship of the G7 to secure a commitment from G7 members to deliver a roadmap of how they intend to meet the commitment to phase out fossil fuel subsidies by 2025.
- Provide the Auditor-General with the documents needed to assess the government's progress toward meeting its commitment, work with other G7 countries to create a standardized method for public disclosure of subsidies, and enter into a peer review agreement with another G7/G20 country.

REFERENCES

- ¹ Overseas Development Institute, Oil Change International and International Institute for Sustainable Development. *G20 Subsidies to oil, gas and coal production: Canada*. November 2015. Retrieved from <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9988.pdf>.
- ² Ibid.
- ³ Export Development Canada. Reporting on Transactions: Canadian Industry Sub-sector. 2017. Retrieved from <https://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/industry-sub-sector-2017.aspx>.
- ⁴ G20 Leaders Statement: The Pittsburgh Summit. September 2009. Retrieved from <http://www.g20.utoronto.ca/2009/2009communique0925.html>.
- ⁵ Liberal Party of Canada. Real Change: A New Plan for a Strong Middle Class. 2015). <https://www.liberal.ca/wp-content/uploads/2015/10/New-plan-for-a-strong-middle-class.pdf>.
- ⁶ Office of the Prime Minister of Canada. Minister of Finance Mandate Letter. November 2015. Retrieved from <https://pm.gc.ca/eng/minister-finance-mandate-letter>; Office of the Prime Minister of Canada. Minister of Environment and Climate Change Mandate Letter. November 2015. Retrieved from <https://pm.gc.ca/eng/minister-environment-and-climate-change-mandate-letter>.
- ⁷ Office of the Prime Minister of Canada. Leader's Statement on a North American Climate, Clean Energy, and Environment Partnership. June 2016. Retrieved from <https://pm.gc.ca/eng/news/2016/06/29/leaders-statement-north-american-climate-clean-energy-and-environment-partnership>.
- ⁸ Office of the Prime Minister of Canada. Canada – France Climate and Environment Partnership. April 2018. Retrieved from <https://pm.gc.ca/eng/news/2018/04/16/canada-france-climate-and-environment-partnership>.
- ⁹ Office of the Prime Minister of Canada. Canada – France Climate and Environment Partnership. April 2018. Retrieved from http://www.oag-bvg.gc.ca/internet/English/parl_oag_201705_07_e_42229.html.
- ¹⁰ Bloomberg Editorial Board. "Fossil Fuel Subsidies are the World's Dumbest Policy." *Bloomberg*. 1 September 2016. Retrieved from <https://www.bloomberg.com/view/articles/2016-09-01/fossil-fuel-subsidies-are-the-world-s-dumbest-policy-editorial>.
- ¹¹ Overseas Development Institute, Global Subsidies Initiative, and International Institute for Sustainable Development. *Zombie Energy: Climate Benefits of ending subsidies to fossil fuel production: Working Paper*. February 2017. Retrieved from <https://www.iisd.org/sites/default/files/publications/zombie-energy-climate-benefits-ending-subsidies-fossil-fuel-production.pdf>.
- ¹² EKOS Research Associates Inc. Public Attitudes to Fossil Fuel subsidies: Summary Report. March 2018. The survey was conducted using EKOS' unique, hybrid online/telephone research panel, Probit. Our panel offers complete coverage of the Canadian population (i.e., Internet, phone, cell phone), random recruitment (in other words, participants are recruited randomly, they do not opt themselves into our panel), and equal probability sampling. All respondents to our panel are recruited by telephone using random digit dialling and are confirmed by live interviewers. Unlike opt-in online panels, Probit supports margin of error estimates. The field dates for this survey were March 6-12, 2018. In total, a sample of 1,065 Canadian adults aged 18 and over responded to the survey: 898 online, and 167 by phone. The margin of error associated with the total sample is +/- 3.0 percentage points, 19 times out of 20. Please note that the margin of error increases when the results are sub-divided (i.e., error margins for sub-groups such as region, sex, age, education). All the data have been statistically weighted by age, gender, and region to ensure the sample's composition reflects that of the actual population of Canada according to Census data. The poll was conducted in French and English.
- ¹³ Angus Reid Institute. "Pipeline Problems? Try Tanker Troubles: BC Kinder Morgan opponents want spill response assurances. April 2018. Retrieved from <http://angusreid.org/kinder-morgan-transmountain/>.