


Canada's **NET-ZERO ECONOMY:**

Securing prosperity in a net-zero world

A pan-Canadian
conference
on the risks and
opportunities
ahead



On October 25, 2021, climate change policy experts as well as politicians and business and Indigenous leaders came together to share their experiences and insights on Canada's low-carbon transformation in a bilingual, online event co-hosted by the Canadian Institute for Climate Choices (CICC) and the Net-Zero Advisory Body (NZAB).

With more than 1,600 viewers from across the country, the event showcased the growing momentum and many opportunities accompanying Canada's transition to a prosperous low-carbon economy.



CANADIAN INSTITUTE FOR
CLIMATE CHOICES

Net-Zero
Advisory Body



Groupe consultatif pour la
carboneutralité



Urgency is what's driving this debate and it's only going to get stronger. The question isn't whether the world is going to net zero, the question is whether Canada will lead or be left behind.

Rick Smith, President, Canadian Institute for Climate Choices

Well-designed climate policies can and must lead us to a healthier, fairer and more prosperous future.

The stakes are high for Canada, with massive change coming to global markets. Canada's export-reliant economy must adjust to the fact that countries representing over 70 per cent of global GDP and over 70 per cent of global oil demand have committed to net zero by mid-century.

A fair transition requires policies that are supported by industry and civil society and that share the costs of decarbonizing the economy equitably. And to be successful, a net-zero transition must involve the active participation and leadership of Indigenous Peoples.

Private-sector finance has a critical role to play in supporting a net-zero transition. This requires significant policy changes, including rules for financial disclosure and stress-testing to take climate impacts and global investment trends into account.



Climate risk is the biggest risk facing our industry today. The challenge is having the capital and being able to finance investments with longer paybacks.

Tamara Lawson, Chief Financial Officer, QuadReal Property Group

Canada's Net-Zero Economy:
Securing Prosperity in a Net-Zero World

L'économie carboneutre
assurer la prospérité dans un mo



1,650+

viewers

18

speakers and
moderators

(over 60% women)

17,900

impressions
on Twitter during
the event

137,000

impressions of promotional
material across Facebook,
Twitter and LinkedIn

"The [private sector] money is there, but it needs the projects, the policies, and the opportunities to go and decarbonize... and ensure the sustainable economy that the world needs and future generations deserve."

Mark Carney, United Nations Climate Envoy, former Governor of the Bank of Canada and Bank of England



Event highlights

Marie-Pierre Ippersiel and Dan Wicklum, co-chairs of Net-Zero Advisory Body, and Rick Smith, president of the Canadian Institute for Climate Choices, opened the event by outlining the challenges and opportunities for Canada that lie ahead following the federal election and the start of global climate talks at COP26 in Glasgow, Scotland.

“The question isn’t whether the world is going to net zero, the question is whether Canada will lead or be left behind,” said Smith.

Canadian governments still have work to do to transform Canada’s economy and secure prosperity in the years and decades ahead. Shifting from a strategy of minimizing near-term competitive risks to one that develops future competitive advantages will be key to this transition, according to CICC Vice President of Research Dale Beugin and CICC Clean Growth Research Director Rachel Samson, who presented the findings of the Institute’s recent study Sink or Swim: Transforming Canada’s economy for a global, low-carbon future. Targeted government action can improve Canada’s chances of success by mobilizing private investment and smoothing workforce transition.



Net zero is not just about environmental policy. It’s about the entire economy, and it requires re-imagining society’s structures and systems. We don’t have time to wait.

Dan Wicklum, Co-chair, Net-Zero Advisory Body

I never want to underestimate the power of financial markets in this transition.

Dawn Farrell, Board Member, Canadian Natural Resources and former TransAlta CEO





In approaching this challenge, we need to be both ambitious and realistic. The scale of the challenge here in Canada is considerable. Getting us to net zero will require big shifts.

The Honourable Jonathan Wilkinson, Minister of Natural Resources Canada
(formerly Minister of Environment and Climate Change)



“Many Canadian exporters and multinationals are not transition ready,” said Samson. “Our analysis shows that incremental change will not improve transition readiness. What needs to happen is significant, large-scale investment.”

Achieving net zero is an economic goal as much as an environmental one. As a result, bringing a “whole of government” approach to transition is key; climate change cannot only be the domain of the federal government and its agencies. Panelists shared lessons learned from recent climate policy initiatives, and participants engaged throughout the event with thoughtful questions for the speakers and moderators.

Many Canadian exporters and multinationals are not transition ready. Our analysis shows that incremental change will not improve transition readiness. What needs to happen is significant, large-scale investment.

Rachel Samson, Clean Growth
Research Director, Canadian
Institute for Climate Choices

“In the U.K. we’ve pulled off this trick of growing our economy while shrinking emissions, and that has given confidence to governments to keep going. A lot of the confidence for government to keep that goal has not come from civil society and environmental groups, but from the business side who have been pushing the government hard for a strategy on net zero.

Chris Stark, Chief Executive, UK Climate Change Committee





An all-women panel of leaders

from business and finance, including Sandra Odendahl (VP Social Impact and Sustainability, Scotiabank), Jessica Verhagen (CEO, Hydra Energy), Dawn Farrell (Corporate Director, Canadian Natural Resources Limited and The Chemours Company), and Tamara Lawson (Chief Financial Officer, QuadReal) noted that climate change is among the biggest risks their businesses face. Panelists highlighted the important role of financial markets in providing funding for companies, especially those in industries with long-term planning horizons. A lack of awareness of potential solutions and how to operationalize those solutions is also a significant challenge facing businesses with new, low-carbon innovations and policies.

“What we’re recognizing is that getting the economy to net zero is going to be hard,” said Sandra Odendahl, a board member of the Institute in addition to her leadership role at Scotiabank.

Chris Stark, chief executive of the U.K.’s Climate Change Committee, shared lessons from that country’s efforts to develop a long-term climate policy that began more than a decade ago. Key to moving that policy forward has been the support and encouragement of the private sector. “A lot of the confidence for government to keep that goal has not come from civil society and environmental groups, but from the business side, who have been pushing the government hard for a strategy on net zero,” he said.



For banks, the biggest source of emissions are those of our clients. Every client across every sector has a carbon footprint. For us as a bank, our work depends on the strategies in the sector and countries where we do business. What we’re recognizing is that getting the economy to net zero is going to be hard.

Sandra Odendahl,
Vice President of Social Impact
and Sustainability, Scotiabank

Equity and fairness



It is so critical for northern and Indigenous perspectives to be included as part of conversations related to securing prosperity and a pan-Canadian approach.

Kluane Adamek, Aage, Yukon Regional Chief, Member/Independent Expert NZAB



The cost of inaction will be much greater. It's better to invest now for future generations.

We need to listen to scientists, custodians of Indigenous Knowledge, as well as diverse regional and local voices to achieve net-zero emissions by 2050.

Marie-Pierre Ippersiel, President and Chief Executive Officer, PRIMA Québec

are equally important to the net zero transition, especially for Indigenous Peoples, said Kluane Adamek, Aage, Yukon Regional Chief and an NZAB member. Climate change is happening twice as fast in Canada's North as the global average, creating unique challenges for northern communities where ecosystems that provide diets and livelihoods are changing quickly. "Net zero should not only be about negating our current emissions but instead should be reframed around identifying and addressing the root causes of those emissions in pursuit of justice and abundance for all," she said.

Finally, former central banker and current United Nations Climate Envoy Mark Carney highlighted the changes coming to financial markets to facilitate the enormous investments required to retool our economies. These changes include taking climate impacts into account in financial disclosures, stress-testing banks and insurers, and changing the way stock market indexes are calculated in order to reorient the financial system to focus on net zero pathways.

"The (private sector) money is there, but it needs the projects, the policies, and the opportunities to go and decarbonize... and ensure the sustainable economy that the world needs and future generations deserve," he said.

Canada's newly adopted federal Net-Zero Emissions Accountability Act and the recently elected federal government with its mandate to implement a detailed plan for 2030 emissions targets mean that the coming months will be "quite possibly the most intensive, most important period for climate change policy making in our country's history," the Institute's Smith said in his concluding remarks.

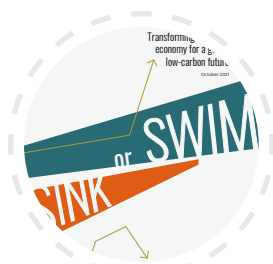
For the clean tech sector, there are two challenges: there's a lack of awareness of the solutions... and understanding the operational transitions. There are also challenges for early adopters, and operational challenges can be daunting.

Jessica Verhagen, Chief Executive Officer, Hydra Energy



All reports published by the Canadian Institute for Climate Choices are available at climatechoices.ca/reports.

The Net-Zero Advisory Body's work is available at nzab2050.ca/publications.



SINK OR SWIM: TRANSFORMING CANADA'S ECONOMY FOR A GLOBAL LOW-CARBON FUTURE

Released in October 2021, the report assesses Canada's economic prospects in response to the global low-carbon transition and offers recommendations for successfully navigating that transition.



ELECTRICITY: ALIGNING CANADA'S ELECTRICITY SYSTEMS WITH NET ZERO

The project's goal is to develop specific policy recommendations to drive systemic transformation of the electricity generation sector, given the critical role of electrification in Canada's net zero pathways. This report from the Institute will be released in early 2022.



COSTS OF CLIMATE CHANGE

The Institute's work in this area examines the economic implications of climate change for Canada. The results of this two-year project are being published in a series of reports outlining projected costs related to the social and physical impacts of climate change in key areas, including an introductory report, a report on how climate change will affect the health of Canadians, and a report on the costs of climate change for Canada's infrastructure. Our upcoming report on the economic implications of climate change on Canada's northern infrastructure will be released in 2022. The series will conclude with a macroeconomic assessment of implications for the Canadian economy.



NET-ZERO PATHWAYS: INITIAL OBSERVATIONS

NZAB sets out the context and momentum for net-zero commitments in Canada and internationally, as well as ten key observations on net-zero pathway in this report published in June 2021.