



2021 Federal Budget Submission

Green Economy Canada

February 11, 2021



Summary of Recommendations

Green Economy Canada is calling on the federal government to launch a major national investment in local communities and small businesses to meet the dual needs of post-pandemic economic recovery and the urgency of addressing the climate crisis. Specifically, **we are recommending that the federal budget include \$10M to launch and grow 18 Green Economy Hubs across Canada, which will directly support local businesses in communities across the country to reduce their carbon emissions while becoming more competitive and resilient.**

While small and medium-sized enterprises (SMEs) have been hailed through the pandemic as the backbone of our economy, their critical role in shaping our trajectory towards a thriving and inclusive net zero emissions future continues to be overlooked. SMEs represent 99% of businesses in Canada and employ almost 9 in 10 private sector workers. They play a vital role not only in job creation and innovation, but in ensuring the vibrancy of our local communities. To kick-start our economy and position Canada as a global leader, it is imperative that the federal budget include measures that enable SMEs in local communities to adapt and thrive in the accelerating worldwide transition to a low-carbon future.

Existing discussions around how to support SMEs to rebuild post-pandemic have focused on loans, grants, and digitization supports to help SMEs recover. But the new normal demands that SMEs are also reducing their carbon emissions to remain competitive and resilient. Specific supports targeted at SMEs and local economies in building back better are sparse in the federal climate action plan. Without meaningful investments to engage SMEs in seizing the low-carbon advantage, this critical segment of our economy risks getting left behind and will find it difficult to adapt to key regulations like a \$170/tonne carbon price by 2030.

The Green Economy Canada network currently supports over 300 businesses to take action on climate change while increasing their profitability and growing the low-carbon economy. Based on feedback from our network, and our experience with previous climate action programs, we urge the federal government's stimulus measures to consider the following points:

- SMEs recovering post pandemic will be especially cash strapped to invest in GHG reduction measures out of pocket, and will have limited time to figure out what green actions to take as they turn their focus on getting their core business running again. We need to make it easy for them to access, adopt and make sense of green stimulus opportunities so they can seize the full business benefits of going green.
- We can make the impact of stimulus programs last by investing in measures that build the capacity of businesses to go beyond one-off reduction projects and to internalize an interest and strategic commitment to the low-carbon transition.



With a \$10M investment to scale the Green Economy Hub model across Canada, we can support SMEs — the largest share of the Canadian economy — to recover and grow while also adapting to meet the needs of a low-carbon future. Hubs are a critical deployment vehicle to help businesses in local communities take advantage of green stimulus programs around energy efficiency, EVs, and clean tech adoption, and get engaged in the net zero transition while making the benefits of the green economy visible in local communities.

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Enabling Businesses and Communities to #BuildBackBetter Through Green Economy Hubs

Problem: As we plan for a successful green recovery, businesses – particularly SMEs – will need direct support to build back better and learn how to adapt and thrive in the transition to a low-carbon economy. Without their engagement, Canada’s ambitious GHG reduction goals will not be met. However, there is little policy targeted at SMEs beyond piecemeal project incentive programs, and brief acknowledgements in the federal climate plan that SMEs are an important stakeholder to be engaged.

Achieving deep GHG emissions reductions and harnessing the low-carbon transition as a source of competitive advantage will require businesses in local communities to connect how going green is going to make them better off, and how they can easily access stimulus programs to enable and accelerate that transition.

Recommendation: Invest \$10M over 5 years to accelerate the launch and growth of 18 Green Economy Hubs across Canada, providing a trusted support program to help SMEs adapt to and seize the full benefits of the low-carbon economy in local communities. Hubs are a successful, efficient, and results-focused approach to engage businesses in taking voluntary action to reduce their emissions and embrace the low-carbon economy.

Details:

- A \$10M investment will help launch 10 new Green Economy Hubs across Canada (AB, SK, QC, ON, and Atlantic Canada are likely provinces) and scale up the work of 8 existing Hubs in ON and NB. Hubs will build the on-going capacity of businesses and communities to respond to immediate green recovery opportunities in a cohesive way, while adapting over the longer-term to meet the needs of a net zero emissions Canada.
- As recognized non-profit community leaders in business sustainability, Hubs are best positioned to bring all facets of green stimulus programs and community goals together in a one-stop-shop, and provide SMEs with the direct support needed to maximize the business benefits of a green recovery.
- Moving SMEs towards net zero by 2050 will require them to go beyond one-off projects; it will require extensive engagement and education to internalize a commitment to reaching net zero emissions, and support to do that in a strategic, systematic and sustained way.
- Green Economy Hubs are a proven model to help businesses and communities seize “quick-win” opportunities for immediate economic and environmental benefits, as well as accelerate the deeper sustainability transition. There are over 300 businesses of all sectors and sizes engaged across existing Hubs, 85% of those are SMEs. Collectively



the businesses engaged in our network have committed to reducing over 200,000 tonnes of GHGs - the equivalent of taking 42,000 cars off the road annually.

- Hubs provide 1:1 support, tools and resources, peer learning opportunities, on-going knowledge and skills development, guidance to access funding opportunities, a connection point for green service providers, and third-party transparency and accountability to enable businesses to set and achieve sustainability targets while building a thriving local low-carbon economy. They also share the success stories of businesses going green to inspire others to follow-suit and make the green economy visible in local communities.
- As the government looks to deploy a number of green stimulus programs around energy efficiency, EVs, clean tech, and green job skills training programs, Hubs are a valuable asset in enabling the understanding and uptake of these measures by businesses in local communities. They also act as a valuable feedback channel for policymakers by providing direct insights on the successes and challenges businesses face.
- A \$10M investment by the federal government represents a roughly one third share of the total project costs, which would be leveraged through additional investment from municipalities, provinces, utilities, foundations, and the private sector.
- Over 50 community-based green economy professionals would be directly employed in Hubs, local job creation would be boosted through increased demand for green products and services, hundreds of green economy 'good news' stories would be generated, and over 1,000 businesses would be engaged in setting and achieving GHG reduction targets while becoming more competitive and resilient. Thousands more businesses would be engaged in Hubs beyond the investment timeframe.
- This investment will help Canada's SME sector keep pace with the needed net zero transition to avoid getting left behind, and enable businesses to future-proof themselves from climate-related risks and important policies like an escalating carbon price. Validating our own experience, European studies show that approaches like the Hub model lead to a significant increase in the uptake and adoption of energy efficiency measures compared to providing resources, information, or funding alone.¹

About Green Economy Canada

Green Economy Canada is a national non-profit accelerating the business transition to a low-carbon economy. We work with communities to launch and grow Green Economy Hubs, share success stories of businesses going green, and engage with policymakers and experts to inform green policies and investments. We lead a network of 8 Green Economy Hubs and over 300 businesses taking action on climate change and demonstrating that sustainability and good business go hand-in-hand. To learn more, visit www.greeneconomy.ca.

¹ Palm, J., Backman, F. [Energy efficiency in SMEs: overcoming the communication barrier](#). *Energy Efficiency* (2020).