

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

List of Recommendations

- **Recommendation 1:** That the government implement a 75% windfall profits tax on the excess profits of fossil fuel companies.
- **Recommendation 2:** That the government allocate the money generated through this tax to:
 - provide direct relief to households struggling the most under the current price shock
 - support renewable energy projects, public transit, and affordable green housing
 - invest \$30 billion, over 5 years, to fund critical transmission linkages between the provinces and territories (an east-west grid).

Body of Submission

Recommendation 1: The government must implement a 75% windfall profits tax on the excess profits of fossil fuel companies, because:

- The oil price shock triggered by the U.S. and Israel’s illegal war on Iran “will generate an extra C\$25-C\$30bn in revenue for every \$10 rise in oil prices this year following the market turmoil caused by the conflict,” [according to The Financial Times](#). With the global price of oil elevated and the costs for procuring Canadian oil remaining [relatively stable](#), **Canadian oil and gas companies could make \$50-100 billion in excess profits this year alone.**
- **Canadian firms have already indicated that they plan to pay these windfall profits to shareholders**, [according to Reuters](#), rather than reinvest in order to innovate, create jobs, or reduce emissions. Wealthy corporate shareholders, [many of them American](#), are passively raking in billions of dollars in wartime profits while everyday Canadians struggle with the spiralling cost of gas and groceries.
- **A 75% windfall profits tax could bring in tens of billions of dollars** to help Canadians weather this crisis and save money in the long term.
- **A windfall profits tax is not without historical precedent.** In 1940, during World War II, the Canadian government implemented a 75% tax on corporate profits to prevent Canadian companies from profiteering off the war, and in 2022, the federal government imposed a 15% excess profits tax on the financial sector’s pandemic profits.
- The government’s pause in the federal gas tax fails to meaningfully address the affordability crisis, underfunds our public services, and amounts to a [\\$2.4 billion subsidy to the oil and gas sector](#). **Relief for Canadians should come from the oil sector’s ballooning profits — not from our schools, hospitals, and public services.**
- The [Liberal government’s own 2025 election platform](#) included a commitment to ensure that “big industrial polluters pay their fair share.”

Recommendation 2a: The government must allocate the money generated through a windfall profits tax to provide direct relief to households struggling the most under the current price shock, because:

- While oil and gas executives cash in, **millions of ordinary Canadians are being impacted by rising fuel costs.** [Polling has shown](#) that a significant majority of Canadians say the rising gas and oil prices are hitting their personal or household finances.

- Low-income households and Canadians living paycheck to paycheck may be unable to absorb the skyrocketing costs of transportation and groceries. **The government has an obligation to protect vulnerable families with immediate relief in the face of this escalating affordability crisis.**
- The [cost of living](#) is already by far the most pressing issue for young people in this country – and [fossil fuel driven inflation](#) has been making this problem worse well beyond the current wartime price spike, costing Canadians an average of \$12,00 per household from 2022-2024.

Recommendation 2b: : The government must allocate the money generated through a windfall profits tax to support renewable energy projects, public transit, affordable green housing, because:

- It is only through reducing our dependence on [volatile fossil fuels](#) for electricity generation, transportation, and home heating and cooling that **Canadians will be protected from oil price shocks in the long term.**
- In fact, research shows that switching away from fossil fuel dependence will have Canadians [spending less](#) on energy, due to the efficiency of electric technologies and the falling costs of renewable generation.,
- **The extraction and use of fossil fuels causes climate impacts that are already [costing Canadians billions of dollars](#)** in property and infrastructure damage, healthcare costs, and more.
- **Fossil fuel linked climate change endangers the safety and wellbeing of our families, our communities, and future generations**, making investments in renewable energy and low carbon transportation and housing an urgent priority for this government. Such investments could also help Canada meet its own [emissions reduction targets](#).

Recommendation 2c: The government must allocate the money generated through a windfall profits tax to invest in critical transmission linkages between the provinces and territories (an east-west grid), because:

- **An east-west electricity grid powered by renewables will offer broad employment, affordability, health and community benefits**, while supporting workers and protecting Canadians and Indigenous Peoples from the volatility of fossil fuel prices.
- **Canada's electricity needs are projected to [double or even triple](#) before 2050**, due to [increasing electrification of industry, transportation and heating](#). Upgrading Canada's east-west transmission grid has been studied by the [federal government, interregional planning bodies, expert advisory councils](#) and leading

[energy modelling initiatives](#) for more than a decade and has consistently been shown to save ratepayers money and increase system reliability.

- **Recent polling shows strong public backing**, with 72 per cent supporting federal investment, and 76 per cent supporting the project to reduce reliance on the United States as an electricity partner. There is broad support from [business](#), [labour](#), [Indigenous](#) and [environmental](#) groups for upgrading the grid.
- **Grid upgrades are foundational to achieving Canada's commitment to a net-zero electricity system by [unlocking better integration of low-cost renewables and non-emitting electricity](#)**, as well as enabling new sectors such as offshore wind. The shift toward renewable electricity also brings significant reductions in air pollution and [billions in savings](#) from avoided health care costs. Federal support for Canada's east-west grid will unlock significant private sector investment in renewables.
- **Improving the grid will require the federal government to take concrete steps and make firm commitments in Budget 2026 and beyond.** A coalition of labour unions, Indigenous-led clean energy organizations, elected municipal leaders, doctors and environmental organizations are urging the federal government to prioritize connecting Canada's electricity systems with strategic interprovincial and inter-regional transmission links with a dedicated suite of federal financial supports totaling [\\$20 billion over five years](#).