



Call for Proposals

Canadian Case Study: Subsidies to the Oil Industry

1. The GSI's research on subsidies for fossil fuels

The International Institute for Sustainable Development (IISD) is conducting a study on fossil-fuel subsidies as part of its Global Subsidies Initiative (GSI). The GSI is dedicated to research and awareness building on government subsidies and their impacts on sustainable development. In cooperation with a growing international network of research and media partners, the GSI seeks to lay bare just what good or harm public subsidies are doing and to encourage public debate and awareness of the options that are available for reform.¹

The GSI has given priority to fossil-fuel subsidies because of their central role in economic development, environmental change and social welfare. Good management of energy resources will be critical in achieving sustainable development; however, in many cases, government intervention in the sector could be encouraging over-exploitation of resources and inefficiency.

In both developed and developing countries, subsidies to the production and consumption of fossil fuels exist in a wide variety of forms, including direct budgetary transfers, tax exemptions, and price controls. Data collection and reporting on subsidies to fossil fuels is incomplete, fragmented and inconsistent. Analysts have had mainly price data to work with and have, therefore, concentrated on the most visible subsidies to consumption. More indirect subsidies to consumption and subsidies for production have consequently received much less attention and are not well understood. The GSI aims to fill this void with a series of country case studies to identify and calculate subsidies to fossil fuels, using consistent and comparable methods of data collection and analysis.

¹ Further information on the IISD and the GSI can be found at www.iisd.org and www.globalsubsidies.org.

2. Objectives of the case study

Canada's federal government expenditure on the oil and gas sector including tax, programme and direct expenditure totalled over C\$ 1.4 billion in 2002². In its study, the Pembina Institute noted a lack of transparency for some provincial governments, for example it highlighted that the government of Alberta did not track tax expenditure, direct expenditure or research and development support for oil and gas development.

The G-20 Leaders announced, in September 2009, an intention to rationalize and phase out subsidies to fossil fuels. The results of this study will contribute towards implementing Canada's commitment to phase out its subsidies for fossil fuels by identifying and quantifying those subsidies, and making recommendations for reform.

The GSI is undertaking this case study to provide up-to-date estimates of Canada's subsidies to the oil industry. The study will:

- a. identify and classify the types of subsidies that industry receives;
- b. identify data gaps and areas where transparency could be improved;
- c. quantify the subsidies identified;
- d. assess which subsidies cause the most significant economic, environmental or social impacts; and
- e. develop a range of policy recommendations to improve the transparency and reporting of subsidies and to reform the most harmful subsidies.

3. Scope of the case study

The scope of this study is nation-wide, however, due to resource constraints the GSI suggests the research could focus on the conventional and non-conventional oil industries in Alberta Saskatchewan, and Newfoundland.

4. Research proposals

The GSI is requesting proposals (maximum 5 pages) outlining how the researcher proposes to undertake the case study. Proposals should include:

- a description of how the researcher meets each of the selection criteria outlined below;
- a description of research methods for data collection and analysis;
- a chart showing breakdown of research tasks over time;
- a table outlining how many hours the researcher will assign to each task; and
- the research team structure, including time and tasks allocated to each person, and short resumes for each person.

² Bramley, Taylor and Winfield, "Government Spending on Canada's Oil and Gas Industry: Undermining Canada's Kyoto Commitment", The Pembina Institute, January 2005.

Selection criteria

Research proposals will be selected on the basis of the researcher's:

- knowledge of the oil sector in Canada, and in the provinces of Alberta, Saskatchewan and Newfoundland in particular;
- knowledge of public finance and economics;
- network of contacts within government and industry;
- access to data and information sources;
- approach to quantifying different types of subsidies;
- awareness of the relevant political context, and economic, social and environmental impacts of fossil-fuel subsidies;
- previous written publications in this or relevant fields; and
- clarity of analysis and written expression.

Proposals should be submitted no later than 21 December 2010.

5. Destination and audience

The Canadian case study will contribute to the GSI's core research programme on fossil-fuel subsidies. It will form part of a series of case studies researching subsidies to sector-specific fuels in both developing and developed countries. The study will provide valuable input to GSI's ongoing work to build a global picture of the size and scale of fossil-fuel subsidies with a view to promoting subsidy reform.

The GSI anticipates an in-country launch of the report. The launch would include a presentation of the report's key findings to government representatives, industry and other important stakeholders.

The report will be published on-line and in hard copy, and will be disseminated to a wide network of stakeholders through a variety of channels.

6. Assignment

Research

The consultant will undertake research to identify what subsidies the oil industry receives from federal and provincial governments in Canada. The GSI has identified several types of government intervention to be considered in the study (this list provides general guidance and will need to be tailored to Canada's regulatory and fiscal framework):

1. Government-owned energy minerals
 - a. Process for mineral leasing
 - b. Royalty relief or reductions in taxes



- c. Process of paying royalties
2. Government ownership of energy-related enterprises
 - a. Security-related enterprises
 - b. Transport of bulk fuels
 - c. Municipal utilities and public power
3. Market-price support and regulation
 - a. Consumption mandates
 - b. Border protection or restrictions
 - c. Regulatory loopholes
4. Direct spending
 - a. Earmarks
 - b. Agency appropriations and contracts
 - c. Research and Development support
5. Tax breaks and special taxes
 - a. Reduced rates, tax exemptions, special deductions
 - b. Excise or special taxes
6. Credit support
 - a. Government loans and loan guarantees
 - b. Subsidized credit to domestic infrastructure and power plants
 - c. Subsidized credit to oil and gas related exports
7. Insurance and indemnification
 - a. Government-provided insurance or indemnification
 - b. Statutory caps on commercial liability
8. Health and Safety oversight
9. Environmental issues
 - a. Responsibility for closure and post-closure risks
 - b. Waste management

This list is not exhaustive and the researcher(s) may identify other types of subsidies or emerging issues that need to be included within the study. The research should cover all relevant ministries, departments and public bodies at federal and provincial levels.

The researcher will work closely with the GSI in selecting their methods for calculating subsidies in order to ensure they meet the GSI's criteria for promoting an internationally consistent approach to quantifying fossil-fuel subsidies.³

Report

The consultant will provide a report based on his or her research findings which will include the following sections:

1. An executive summary
2. A description of the supply chains for oil including:
 - a. physical characteristics of the supply chains
 - b. financial flows and pricing
 - c. ownership
3. Subsidy policies for oil production including:
 - a. objective of each subsidy
 - b. recipient of each subsidy
 - c. organization granting the subsidy
 - d. subsidy instrument
 - e. size of the subsidy (financial or otherwise)
 - f. time period the subsidy has been in place
4. Quantification of subsidies including:
 - a. Total support estimates
 - b. Aggregate subsidies for 2008 (or the latest year if 2008 data is not available)
 - c. Estimates of future subsidies
5. An assessment of which subsidies cause the most significant economic, environmental or social impacts.
6. Conclusions and Recommendations including:
 - a. A range of policy recommendations to improve the transparency and reporting of subsidies and to promote the reform of the most harmful subsidies. The

³ The GSI has a number of tools to assist the researcher, including a template for classifying fossil-fuel subsidies and a subsidy manual with methods for calculating subsidies.

recommendations will promote the better use of public resources and effective government subsidy policy.

7. Product and Deliverables

The consultant will:

1. Complete the study in five staged deliverables:
 - (i) Detailed outline of the proposed study, methodology and description of supply chains (section 2 of the report);
 - (ii) Short presentation outlining progress of research findings;
 - (iii) First draft report focusing on sections 3 and 4 of the report (as outlined above);
 - (iv) Revised draft report including sections 1, 5 and 6 of the report (as outlined above);
 - (v) Final report incorporating feedback from peer review.
2. Produce a final paper (maximum 100 pages) including relevant tables, graphs and charts. The paper should be written in a style easily understood by policy makers.
3. Revise the paper in line with comments received from IISD and 3-4 external peer reviewers and submit deliverables within the timelines. Note that the GSI will engage leading subsidy experts to review the complete draft report (deliverable iv). The consultant should expect to receive and incorporate substantive comments into their final report.
4. Draft the paper in line with the IISD's style guide (format and referencing).

8. Timelines

21 December 2009	Deadline for submitting project proposals
January 2010	Selection process and contract negotiations
8 February	Start date
5 March	Due date for deliverable I
12 March	IISD feedback on deliverable I
9 April	Due date for deliverable II
21 May	Due date for deliverable III
4 June	IISD feedback on deliverable III
9 July	Due date for deliverable IV
20 August	Peer review and IISD feedback on deliverable IV
10 September	Due date for deliverable V



9. Resources

The project budget for this case study is within the range of CAD 40,000 – CAD 50,000.

10. Contacts

The contact person for this project is:

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