

**Industry Canada
Sustainable Development Strategy II
2000 – 2003**

**Consultation
Summary Report**

Submitted to:

**Environmental Affairs Branch
Industry Canada**

October 31, 2000

Prepared By:



Stratos Inc.
1 Nicholas Street, Suite 1404
Ottawa, Ontario
K1N 7B7
613 241 1001
fax: 241 4758
mail@stratos-sts.com

Table of Contents

<u>1.0</u>	<u>INTRODUCTION</u>	1
<u>2.0</u>	<u>CONSULTATION PROCESS</u>	1
<u>3.0</u>	<u>OVERVIEW COMMENTS</u>	2
3.1	<u>STRUCTURE AND STYLE</u>	2
3.2	<u>INTEGRATION OF SD WITH DEPARTMENTAL MANDATE</u>	2
3.3	<u>SOCIAL ASPECT OF SD</u>	3
3.4	<u>NATURE OF PARTNERSHIPS</u>	3
3.5	<u>ENVIRONMENTAL REGULATION AND COMPETITIVENESS</u>	3
3.6	<u>RAISING AWARENESS</u>	4
3.7	<u>HARMONIZATION OF LEGISLATION</u>	4
3.8	<u>VOLUNTARY MEASURES</u>	4
3.9	<u>INVESTMENT CAPITAL</u>	5
3.10	<u>GOVERNMENT PROCUREMENT AND PROMOTING SD IN THE SUPPLY CHAIN</u>	5
<u>4.0</u>	<u>ECO-EFFICIENCY</u>	5
<u>5.0</u>	<u>ENVIRONMENTAL TECHNOLOGIES</u>	7
<u>6.0</u>	<u>DECISION MAKING</u>	8
<u>7.0</u>	<u>CONCLUSION</u>	9

APPENDICES:

Appendix 1: Montreal Consultation Proceedings

Appendix 2: Toronto Consultation Proceedings

Appendix 3: Participants in Bilateral Consultations and Individual Submissions

1.0 Introduction

In preparation for tabling the Department's second Sustainable Development Strategy (SDS) in Parliament, and building on experience gained under the first strategy, Industry Canada (IC), with the assistance of Stratos Inc., developed and implemented a stakeholder consultation process. The objective of this process was to seek the perspectives of clients, partners and stakeholders on departmental priorities for the second SDS. IC carried out the stakeholder consultation process in four phases:

- Participation in the Leader's Forum on SD;
- Conduct of mid-term review of the first strategy and external and internal issues scans to obtain initial views on issues and opportunities;
- Preliminary expert stakeholder review of a first draft of the strategy; and
- Broader stakeholder review of a revised draft strategy through regional sessions, bilateral consultations and individual submissions.

This report provides a synthesis of the broader stakeholder review and is intended to provide a public record of the consultation, to inform revisions to the strategy and to provide senior management with a basis for assessing the adequacy of the consultation process.

2.0 Consultation Process

Based on the results of the preliminary expert stakeholder review held on June 13th, 2000, Industry Canada revised the draft SDS. This second draft was sent to almost 300 potential participants on September 11, 2000, with an invitation to attend one of three regional stakeholder consultations in Montreal, Toronto, and Vancouver on September 26th, 28th and October 4th respectively. In addition, those unable to attend in person were invited to respond to the draft SDS by mail or *via* a feedback form posted on *Strategis*, the department's web site.

Industry Canada held sessions in Montreal and Toronto; the Vancouver session was cancelled due to poor response. Following a review of the results of the Montreal and Toronto sessions, Industry Canada identified stakeholders, from those who had been unable to attend consultations in person, to participate in bilateral discussions. These interviews augmented the results of the regional meetings and provided input from a broader cross section of interested parties. The bilateral consultations resulted in 10 interviews and 3 written submissions. Reports from the two sessions and a list of participants in the bilateral consultation process are included in Appendices.

Industry Canada will consider the information presented in this report in making revisions to its SDS. Once the strategy is completed and approved by departmental management, IC will prepare a final report which will summarize the changes made to

the strategy based on this consultation process, including the rationale in cases where recommendations were not incorporated.

This report is structured to follow the outline of the agenda at the consultation sessions (see Appendix B within the Montreal report, Appendix 1): general overview comments grouped in broad themes followed by more specific comments related to the three objectives in the SDS.

3.0 Overview Comments

The range of diversity between the private, public and voluntary sectors was comparable to the diversity expressed from representatives within each of those sectors. There was also some agreement between public, private and voluntary sector representatives on substantive issues – such as the role of regulations and voluntary initiatives in promoting sustainability – indicating that a growing number of people are identifying ways to meet both their environmental and competitiveness concerns.

3.1 Structure and Style

Participants in the consultations were impressed by the quality and content of the draft SDS, and congratulated IC for being more ambitious in the second strategy. Many readers found the document to be very long and detailed, however, and suggested streamlining the SDS, either by reducing the level of detail included in the body of the document, or by producing a stand-alone executive summary document that would highlight the key messages. Some participants also suggested that IC indicate the resources and timelines for individual action items, and distinguish between those initiatives which are the sole responsibility of the department and those in which it is a partner or plays a supporting role.

3.2 Integration of SD with Departmental Mandate

A number of participants said that sustainable development is an add-on for IC and is not integrated with the department's mandate or vision. One participant suggested that while IC is moving incrementally in the right direction, the strategy does not yet describe a vision of sustainability. Some said that several of the actions, such as biotechnology, had no apparent link to sustainable development and that it was difficult to see how such actions such would contribute to sustainability. And some participants observed that there was no direct link between the strategy and Industry Canada's five corporate strategic objectives; one participant suggested that this might be a reflection of the lack of senior management involvement in the development and implementation of the SDS. Others indicated their long-standing concern that there was no federal strategy through which Industry Canada could better identify its niche. In some cases, industry representatives said they shared the same objectives as the department – objectives such as the addressing the 'triple bottom line', and promoting renewable energy, energy efficiency and the effective use of resources. And many were satisfied and found the vision and overall direction of the strategy supportive of sustainable development. One commented

that, although the vision and principles were acceptable, the real challenge and more important focus should be on implementation.

3.3 Social Aspect of SD

A number of participants commented on the light treatment of the social aspect of SD and at the same time acknowledged the difficulty in defining what this would mean to IC. One participant suggested that the proposed action item to study commitments and practices by leading edge companies should be augmented to include a study of social responsibility indicators. In addressing the social aspects, another participant urged IC not to propose another code of conduct which could be a duplication of existing national/international codes, or potentially in conflict with them.

3.4 Nature of Partnerships

Participants offered differing views on IC's partnerships with industry and civil society. Some felt that IC's role is to act as an advocate for industry when dealing with other government departments, ensuring competitiveness is protected. Others, from both industry and the environmental community, encouraged the department to partner with civil society, the environmental non-government organizations (ENGO), other levels of government and industry, together; representatives from all these sectors spoke positively of such initiatives. Some participants observed that IC does not have a strong link to the ENGO community at the policy level and recommended it use the capacity building budget to engage ENGOs and remove some barriers to their participation. A specific suggestion included enhancing civil society participation in the ISO (International Standards Organization) process. Some expressed support for the involvement of Aboriginals. And partners with compatible goals can help communicate messages, as well as help implement actions; there is no need to re-invent ways to do this.

In forming these partnerships, IC should clarify how these relationships are expected to move policy forward.

3.5 Environmental Regulation and Competitiveness

Stakeholders presented a variety of views around whether environmental regulation is a driver of innovation and competitiveness or whether it stifles innovation. Some industry representatives said that regulations, combined with incentives, could accelerate innovation; and one ENGO representative said that environmental regulations were essential to competitiveness. It was stressed that competitiveness needs to be framed in both the domestic and global context, and that IC has a role in ensuring that environmental objectives are based on sound science and a risk-based approach. IC should also consider the experience of other jurisdictions (i.e. California and Europe) and studies on the topic (e.g. Porter, Harvard Business School) in developing its policy on the issue.

3.6 Raising Awareness

Stakeholders suggested there is a need to raise the profile of environmental and sustainable development issues both among industry and the public. One participant suggested that the low level of participation in the consultations highlighted this need. Some felt that very few know how the department works or what impact this strategy could have on their businesses or lives. A number of participants recommended that the department communicate existing success stories within Canadian industry and offer incentives to industries that demonstrate leadership in the fields of eco-efficiency and/or sustainable development. Potential incentives could include Ministerial recognition and financial incentives (such as tax breaks). During the consultations, IC committed to include success stories within the SDS but acknowledged that concerns regarding competitiveness could inhibit the level of detail that industries and businesses would be prepared to disclose.

Currently, much of Industry Canada's communication focus is on the "new economy" and knowledge-based industries. One participant suggested there is a substantial issue of equity in the treatment of traditional industries compared to knowledge-based industries; IC also has an important role in ensuring the sustainability of those traditional industries. Another participant suggested that there should be even more focus on developing synergies between e-commerce and the environment to bring the environment to the forefront of the "new economy".

3.7 Harmonization of Legislation

A number of the participants saw a need for harmonization of regulatory requirements between jurisdictions (i.e. provincial – federal and within North America). These differences create 'false' markets which impede movement of goods and services (e.g. electricity) and can have an effect on the willingness of investors to support certain technologies. As this lies within the department's mandate, stakeholders felt IC has a role in creating a freer and more open marketplace.

3.8 Voluntary Measures

There was broad support for IC's role in voluntary initiatives. Some stressed the need for better incentives, particularly in the area of climate change. IC could enhance the uptake of voluntary initiatives through the use of recognition programs, and providing assistance towards registration and resources for training. As IC acts as keeper of the marketplace, participants felt that the department has a legitimate role to play in advocating the greater use of economic instruments, and working with the Department of Finance to adjust tax policy in support of sustainability. One participant, however, suggested that the emphasis on voluntary measures undermines regulation and another stressed the importance of combining monitoring and reporting to ensure participants achieve the intended results.

3.9 Investment Capital

There is difficulty in attracting investment capital to environmental technologies. There is an “innovation gap” between developing a concept and getting a technology to market. IC could play a role in getting the word out to the investment community and encouraging investment in the sector; the department could also work with the Business Development Bank to create a program directed at firms developing environmental technologies.

3.10 Government Procurement and Promoting SD in the Supply Chain

A number of participants felt that government procurement has a significant role in promoting eco-efficiency, environmental technologies and SD in general, and that the federal government could be doing more. It was also suggested that IC has a role in promoting green procurement in industry to create demand for eco-efficiency and environmental technologies.

4.0 Eco-Efficiency

Participants indicated that this was generally a strong objective with a good mix of initiatives, particularly those concerning voluntary initiatives and tools. Some participants had very specific suggestions and these are summarized below:

- One participant was encouraged by IC’s emphasis on eco-efficiency, but concerned the department may not recognize the dangers of a narrow focus on eco-efficiency (i.e. the Hawken-Lovins’ argument: “overwhelming resource savings with an even larger growth in the production of the wrong products, produced by the wrong processes, from the wrong materials, in the wrong place, at the wrong scale, and delivered using the wrong business models”);
- Set a measurable target with respect to the uptake of eco-efficiency (e.g. increase application of eco-efficiency by 25% in the next ‘x’ years);
- Expand partnerships for research and development funding to make it more accessible for small- and medium-sized enterprises (SMEs);
- There were a number of points raised with respect to voluntary measures:
 - Commit to supporting a strengthened Voluntary Challenge Registry or argue that it be replaced with a more effective program;
 - Commit to supporting the use of backstop mechanisms to be used in the event that voluntary measures fail;
 - Within the SDS, commit to adopting the criteria for voluntary measures endorsed by the New Directions Group;
 - Acknowledge that there is a learning curve in the implementation of voluntary initiatives, and that not all voluntary initiatives are good. Identify what IC has learned about what works and communicate this;

- Reference environmental performance agreements (EPAs); adopt a role in communicating these to industry; reference Environment Canada's framework on EPAs and be explicit about helping implement them;
- With regard to environmental management standards (p. 27), IC should prepare and publish a list of Canadian companies that are certified to ISO 14001 and other standards, such as the Sustainable Forestry Management standard. Work with Statistics Canada and the Canadian Standards Association to publicize these successes; “walk the talk” and adopt ISO 14001 in the department and improve the track record of internal reductions under Greening Operations;
- There appears to be a credibility gap; while proponents/champions of eco-efficiency emphasize that these initiatives can be economically profitable, there is slow uptake within industry. IC needs to develop simple messages about how SD makes good business sense that could be used to catalyze uptake. As well, sponsor more on-the-ground demonstration projects to show the direct benefits of eco-efficiency;
- Consider using both positive and negative publicity to encourage companies to undertake eco-efficiency initiatives. Highlight and promote the companies that have done good things, and also publicize those that have done nothing (using disclosure as a negative incentive). IC could do this itself or fund a third party to gather the information;
- Building on the Research and Development actions, create the “IC Eco-efficiency University”. Through this institute, partner with the National Research Council to present workshops that highlight case studies;
- Add climate change, renewable energy, air pollution, transportation planning design and integrated industrial ecology to the list of centers of excellence presented (p. 25); delete the specific reference to the automobile industry;
- On technology demonstration and diffusion, follow the 22 initiatives of the Canadian Environment Industries Strategy (1994-1997). Consider expanding Canadian Environmental Solutions and partnering with the private sector on this initiative (e.g. Canadian Environment Directory);
- Within the strategy, mention the Canadian Environmental Technology Centers and continue to fund their work. Also mention Globe and Americana and continue to support these high profile, international events;
- Commit to continue tracking the environmental industry and supporting Canadian Council on Human Resources for the Environmental Industry;
- Try to measure savings in energy and resource consumption associated with people working at home and their related internet use (p. 31);
- Canada should conduct studies on the economic benefits derived from implementing environmental initiatives over the past 20 years (similar to US study on Clean Air Act), and Industry Canada should play a key role;
- Undertake a more active investigation of natural gas as the transition fuel for commercial and industrial development to promote eco-efficiency;
- There were a number of points raised with respect to renewable/alternative energy sources:

- Be rigorous in developing a tool to calculate the environmental impacts of electricity – take into account the service provided by each source and the environmental impact at each step of the life cycle;
- Consider the importance of service demands relative to the technology [e.g. some must be used all the time (nuclear), some can be used intermittently (wind) and some must respond on demand (hydro)];
- When comparing different sources of energy, include the fact that some forms require back-up (e.g. wind);
- Environmental impact of the use of fuel cells is minimal, but production of hydrogen through the use of natural gas produces GHG emissions equivalent to co-generation; consider the source of hydrogen in assessing benefits;
- Under advocacy and awareness, support the Globe Foundation’s Excel Group by publicizing and promoting its success stories;
- Regarding the targets on corporate social responsibility (p. 35), Canada should commit to honouring its Multilateral Environmental Agreements and should monitor what other signatories are doing; and
- Under the Environmental Technologies Partnership Fund, improve/simplify the application and reporting mechanisms for SMEs to facilitate their participation.

5.0 Environmental Technologies

A number of specific recommendations were made concerning environmental technologies:

- Develop non-biased criteria that communicate what qualifies as environmentally-friendly products and eco-efficient technologies;
- IC’s support of biotechnology was challenged by a number of participants:
 - What does biotechnology have to do with sustainable development?
 - Why does IC subsidize biotechnology when it is already a wealthy sector?
 - Specifically, how do Genome Canada, Technology Partnerships Canada and Industrial Sustainability through Biotechnology contribute to SD?
 - How can IC regulate activity in this sector when it has this kind of funding relationship?
- Take a more active role in steering small- to medium-sized enterprises through government processes; there could be an initiative to train companies and individuals in how to establish and take advantage of partnerships;
- Include material suppliers in the Intelligent Buildings initiative;
- Expand the action plan related to PRECARN to include application of advanced information technologies to several other sectors, including chemical manufacturing, oil refining, transportation and processing and, more broadly, to the concept of industrial ecology. PRECARN could also be used to manage sustainability related to renewable resources, such as fisheries, forests and perhaps soil management;

- The Canadian Foundation for Innovation (CFI) could support innovation in the field of environmental economics;
- Demonstrate how programs such as Technology Partnerships Canada (TPC), CFI and PRECARN have been changed so that they support sustainability;
- Make the section on technology roadmaps (p. 45) more comprehensive and include roadmaps for other sectors (e.g. waste management and packaging);
- In the section on Climate Change Support (p. 46), commit to monitoring green house gas (GHG) emission reductions on a sector-by-sector basis as a soft way to encourage reductions. Reference to a domestic emissions trading system should specify a cap and trade system. Explicitly recognize the role and contribution of the renewable energy and energy efficiency sectors (including HVAC companies) in reducing GHG emissions, and give consideration to supporting these sectors through taxes that level the playing field;
- Join NRCan in the Finance Canada process to revise the Class 43.1 tax provisions that include incentives to install electrical generation with low environmental impact;
- Support a portfolio for research into alternative energy options, don't single out a few, and let the market place decide;
- The use of small turbines to produce electricity will create NO_x emissions. Turbine-by-turbine approval is inefficient – consider codes, inspection and maintenance standards and certification strategies;
- Respond to the conclusions of the Climate Change electricity issue table that recommended removal of barriers to using hydro electricity; this action would reduce reliance on coal and therefore reduce GHG emissions. Removing barriers would require better interdepartmental policy coordination and IC should play a role in this.

6.0 Decision Making

In general, participants were pleased to see this section included within the SDS, several noting this was an improvement since the first SDS. A number of specific suggestions were made which are summarized below:

- Reinforce the importance of senior management awareness and support for integrating sustainability with the department's way of doing business. Consider following the private sector's lead by including the implementation of the strategy in managers' performance contracts;
- Develop a way to measure corporate planning; develop indicators;
- Involve interested parties from outside the department to review and comment on the decision-making framework intended to ensure SD considerations in policy decisions;
- Continue to raise the profile of sustainable development and the strategy in the department. Bring in outside speakers to increase the impact of the department's internal SD training and awareness initiatives (p. 62);
- Learn from what has already been done. Use the results and take the next step (e.g. benchmark the existing companies who are ISO registered to see how they are doing;

do not set a target of increasing the number of registrations only, if the impact is not known; track the success of voluntary initiatives);

- In the section on SD policy research (p. 59), draw on a broader range of partnerships and do not specify any single partner in the strategy;
- Continue to bring departmental expertise to the table during interdepartmental discussions to ensure economic and social aspects of the equation are balanced with environmental aspects;
- Provide more specific information on pages 57 and 58 regarding how IC will involve industry interests during interdepartmental and international negotiations; and
- A number of participants urged IC to report on results and the impact of implementing the strategy rather than reporting the completion of a list of activities. Also, demonstrate the value added by implementing these actions (e.g. the difference of implementing these actions relative to no action), and show that there is a return on investment.

7.0 Conclusion

The consultation summary above was intended to provide IC with balanced multi-sectoral input to inform the final revisions of the department's second SDS. This report was prepared for public distribution so that consultation participants and others interested in the department's strategy would have access to the public input that has influenced the strategy. It was intended to indicate where there is general support for the strategy, and where gaps and differing points of view were identified.

Following the tabling of the department's second sustainable development strategy, Industry Canada will also make publicly available a follow-up report that tracks the changes in the strategy with the input from the consultations, indicating where recommendations have been incorporated, and where not, providing a rationale.

Industry Canada is considering developing a form of ongoing consultation in future, one that will not only provide input to the content and substance of the strategy, but one that will also provide comment on implementation and measurement.

**Industry Canada
Sustainable Development Strategy II
2000 – 2003
Montreal Consultations**

Proceedings

Submitted to:

**Environmental Affairs Branch
Industry Canada**

October 20, 2000

Prepared By:



Stratos Inc.
1 Nicholas Street, Suite 1404
Ottawa, Ontario
K1N 7B7
613 241 1001
fax: 241 4758
mail@stratos-sts.com

Table of Contents

1.0 INTRODUCTION 1

2.0 OPENING REMARKS 1

3.0 ECO-EFFICIENCY 1

4.0 ENVIRONMENTAL TECHNOLOGY 3

5.0 DECISION MAKING 3

6.0 CONCLUDING REMARKS 4

APPENDICES:

- Appendix A: List of Participants
- Appendix B: Agenda

1.0 Introduction

The first broad consultation on Industry Canada's draft SDS II during this phase was held in Montreal on Tuesday, September 26, 2000 from 9:30 to 1:30. Attendance at this consultation session was low, with three external stakeholders participating. Appendix A provides the list of participants, and Appendix B is the agenda.

2.0 Opening Remarks

Following introductory and contextual comments, John Arseneau, Director, Environmental Affairs Branch, invited participants to comment on the overall structure and architecture of the SDS. Participants raised the following points:

- The department should be congratulated on the quality, structure and content of the SDS. In particular, this strategy is more ambitious than the first one and provides readers with a greater level of detail;
- Consider streamlining the SDS, either by reducing the level of detail included in the body of the document, or by producing a stand-alone executive summary document that highlights the key messages. As it is currently written, members of the public and stakeholder groups (particularly those without specialized expertise in the field of sustainable development) may be deterred by the length and level of detail;
- Consider highlighting existing success stories within Canadian industry, and offering incentives to industries that demonstrate leadership in the fields of eco-efficiency and/or sustainable development. Potential incentives could include Ministerial recognition and financial incentives (such as tax breaks). IC committed to include success stories within the SDS if examples were provided to the department during the revision period;
- Clearly distinguish within the document between those initiatives that are purely internal to the department and those that directly implicate external stakeholders;
- Raise the profile of environmental and sustainable development issues among industry and the public. The lack of participation in this consultation highlighted the need to raise the level of awareness and interest in this area;
- Concentrating on a small number of concrete objectives instead of trying to cover everything has contributed to the credibility of this initiative.

3.0 Eco-Efficiency

Following a brief presentation on this theme by Martin Green, Director, Economic Framework Policies Branch, participants provided specific comments and recommendations:

- The SDS makes some good recommendations on voluntary initiatives (p. 28), but these should be expanded to include several other specific points: commit to strengthen the Voluntary Challenge Registry or replace it with a more effective

- program; commit to put in place backstop mechanisms to be used in the event that voluntary measures fail; and commit to adopt the criteria for voluntary measures endorsed by the New Directions Group;
- With regard to environmental management standards (p. 27), prepare and publish a list of Canadian companies that are certified to ISO 14001, and other standards such as the Sustainable Forestry Management standard. Work with Statistics Canada and the Canadian Standards Association to publicize these successes;
 - There appears to be a credibility gap; while proponents/champions of eco-efficiency emphasize that these initiatives can be economically profitable, there is slow uptake within industry. Develop simple messages about how SD makes good business sense. Sponsor more on-the-ground demonstration projects to show the direct benefits of eco-efficiency;
 - Consider using both positive and negative publicity to encourage companies to undertake eco-efficiency initiatives. Highlight and promote the companies that have done good things, and also publicize those which have not done anything (using disclosure as a negative incentive). IC could do this itself or fund a third party to do it;
 - Building on the Research and Development actions, create the IC Eco-efficiency University. Through this institute, partner with the National Research Council to present workshops that highlight specific case studies;
 - One participant suggested that IC add climate change, renewable energy, air pollution, transportation planning design, and integrated industrial ecology to the list of centers of excellence (p. 25). This participant also recommended deleting the specific reference to the automobile industry;
 - On technology demonstration and diffusion, follow the 22 initiatives of the Canadian Environment Industries Strategy (1994-1997). Consider expanding Canadian Environmental Solutions and partnering with the private sector on this initiative (e.g. Canadian Environment Directory);
 - Within the strategy, mention the Canadian Environmental Technology Centers and continue to fund their work. Also mention Globe and Americana and continue to support these high profile, international events;
 - The strategy should commit to continue tracking the environment industry and supporting CCHREI;
 - Include a focus on green procurement, both by the federal government and by industry (for example, the U.S. gives preference to companies with green procurement programs);
 - Although this will be hard to do, try to measure savings in energy and resource consumption associated with people working at home and using the internet (p. 31);
 - One participant recommended that Canada should conduct studies on the economic benefits derived from implementing environmental initiatives over the past 20 years (similar to US study on Clean Air Act);
 - Under advocacy and awareness, support the Globe Foundation's Excel Group by publicizing and promoting their success stories;
 - Canada should commit to honouring its Multilateral Environmental Agreements, and should monitor what other signatories are doing (this point was made in relation to the targets on corporate social responsibility, p. 35);

- Under the Environmental Technologies Partnership Fund, improve the application and reporting mechanisms for SMEs to facilitate their participation.

4.0 Environmental Technology

Following a presentation on this theme by Marc Blanchette, participants provided specific comments and recommendations:

- The specific action plan related to PRECARN could be expanded to include application of advanced information technologies to several other sectors, including chemical manufacturing oil refining, transportation and processing and, more broadly, to the concept of industrial ecology. PRECARN could also be used to manage sustainability related to renewable resources, such as fisheries, forests and perhaps soil management. It was also suggested that the wording in the existing action item be refined to specify “and other *environmental* activities”:
- The Canadian Foundation for Innovation could support innovation in the field of environmental economics;
- Encourage strong environmental measures to promote innovation and competitiveness. These measures could include regulatory measures as well as non-regulatory measures (such as publicizing leaders and laggards, and using economic instruments). The Canadian environment industry was at its zenith in the 1980s and early 90s and was driven by strong environmental regulations. Since that time, the environmental industry has been weakened. Reference was made to Michael Porter’s studies on the linkages between the environmental industry and strong regulations within California. IC may wish to analyze these linkages;
- The section on technology roadmaps (p. 45) should also include roadmaps for waste management and packaging;
- In the section on Climate Change Support (p. 46), commit to monitoring greenhouse gas (GHG) emission reductions on a sector-by-sector basis as a soft way to encourage reductions. One participant also suggested that the reference to a domestic emissions trading system should specify a cap and trade system. It was also suggested that IC explicitly recognize the role and contribution of the renewable energy and energy efficiency sectors (including HVAC companies) in reducing our GHG emissions, and that consideration be given to supporting these sectors through field-leveling taxes;
- As IC acts as keeper of the marketplace, the department has a legitimate role to play in designing and implementing economic instruments;
- Participants praised the fuel cell initiative. One participant suggested IC might wish to commit to studying how and from where hydrogen will be obtained in the future to power the fuel cells.

5.0 Decision Making

Following a brief presentation on this theme by Martin Green, participants provided specific comments and recommendations:

- Participants were pleased to see this section included within the SDS, noting the absence of this type of commitment within SDS I. They emphasized that decision-making is where the department has the potential to make the greatest difference;
- In the section on SD policy research (p. 59), IC may not wish to specify the Policy Research Institute over all other organizations, as this research may draw upon partnerships with a wide range of organizations, such as NRTEE, CIELAP, IISD, and consultants;
- IC should bring in outside speakers to increase the impact of their internal SD training and awareness initiatives (p. 62);
- IC should commit to encouraging and collaborating with provincial governments on matters related to sustainable development;
- One participant encouraged IC to continue to bring its expertise to the table during interdepartmental discussions to ensure economic and social aspects of the equation are balanced along with the environmental aspects;
- One participant asked that more specific information be provided on pages 57 and 58 regarding how the department will involve industry interests during interdepartmental and international negotiations.

6.0 Concluding Remarks

IC committed to reporting back to the stakeholders on how the department addresses their comments. According to the department's critical path for SDS preparation, IC will be seeking Ministerial approval in October, and will table the SDS in the House of Commons in December. [This date may change based on the federal election.]

Industrie Canada – Stratégie de développement durable II (2000-2003)
Consultations
Salle Métro I – 5, Place Ville-Marie
26 septembre 2000

Gallon, Gary
President
Canadian Institute for Business
and the Environment
506 Victoria Avenue
Westmount, QC H3Y 2R5
Tel: (514) 369-0230
Fax: (514) 489-4316

Laroche, Jacques
Directeur
Ventes grandes entreprises et comptes
corporatifs
Gaz Métropolitain
1717, rue du Havre
Montréal, QC H2K 2X3
Tel: (514) 598-3783
Fax: (514) 598-3798

Neuheimer, Joel
Director, International Affairs
International Trade and Government
Relations
Canadian Pulp and Paper Association
1155 Metcalfe Street,
Montréal, QC H3B 4T6
Tel: (514) 866-6621
Fax: (514) 866-3035

Arseneau, John
Blanchette, Marc
Green, Martin

Pour Stratos Inc.

Bregha, François
Meyer, Stephanie

Invités

| Pour Industrie Canada

**Industry Canada
Sustainable Development Strategy II (2000-2003)
Consultations
09:30 – 13:30**

Purpose: to solicit comment and recommendations on Industry Canada’s SDS II

9:30 – 9:40	Welcome and Introductions	<i>John Arseneau, Director, Environmental Affairs Branch</i>
09:40 – 09:45	Agenda Review <i>Objective:</i> to review the agenda and process for the session	<i>Francois Bregha, facilitator</i>
09:45 – 09:50	Context and Content <i>Objectives:</i> to describe the factors that have influenced the preparation of the draft sustainable development strategy and to outline the strategic elements (vision, goal and objectives)	<i>Martin Green, Director, Economic Framework Policies</i>
09:50 – 10:30	Comment and Discussion	
10:30 – 10:45	Break	
10:45 – 11:15	Objective I: Eco-Efficiency <i>Objective:</i> to solicit comments on the action plans proposed to meet this objective	<i>Martin Green</i>
11:15 – 11:45	Objective II: Environmental Technologies	<i>Marc Blanchette</i>
11:45 – 12:45	Lunch (provided on site)	
12:45 – 1:15	Objective III: Decision-Making	<i>Martin Green</i>
13:15 – 13:30	Wrap Up <i>Objectives:</i> to solicit key summary messages from participants, recap the meeting, and describe next steps	<i>Francois Bregha</i>

October 2000

Appendix 2

**Industry Canada
Sustainable Development Strategy II
2000 – 2003
Toronto Consultations**

Proceedings

Submitted to:

**Environmental Affairs Branch
Industry Canada**

October 20, 2000

Prepared By:



Stratos Inc.
1 Nicholas Street, Suite 1404
Ottawa, Ontario
K1N 7B7
613 241 1001
fax: 241 4758
mail@stratos-sts.com

Table of Contents

<u>1.0</u>	<u>INTRODUCTION</u>	1
<u>2.0</u>	<u>OPENING DISCUSSION</u>	1
	<u>2.1 HARMONIZATION</u>	1
	<u>2.2 DRIVERS OF INNOVATION</u>	1
	<u>2.3 VOLUNTARY INITIATIVES</u>	2
	<u>2.4 INVESTMENT CAPITAL</u>	2
	<u>2.5 NEW ECONOMY FOCUS</u>	2
	<u>2.6 EFFICIENT USE OF MATERIALS</u>	2
<u>3.0</u>	<u>ECO-EFFICIENCY</u>	2
<u>4.0</u>	<u>ENVIRONMENTAL TECHNOLOGY</u>	3
<u>5.0</u>	<u>DECISION MAKING</u>	3
<u>6.0</u>	<u>SUMMARY</u>	3
<u>7.0</u>	<u>CONCLUDING REMARKS</u>	4

APPENDIX:

Appendix A: Participant List

1.0 Introduction

The second consultation on Industry Canada's Sustainable Development Strategy II (SDS) during this phase was held in Toronto on Thursday, September 28, 2000 from 09:30-15:30. Attendance at the session included eight external stakeholders and four Industry Canada (IC) representatives (including one regional departmental representative). Appendix A provides the list of participants. This report provides a synthesis of the key points from the session.

2.0 Opening Discussion

John Arsenault, Director, Environmental Affairs Branch, opened the meeting. He invited participants to provide suggestions on how, in the context of its mandate, IC can do more, including recommendations for potential partnerships which could leverage better results. Following introductions and a review of the agenda, participants recommended an open-ended approach to the discussions and agreed to focus on gaps, strengths, and potential revisions to the SDS as a whole. During this discussion, participants raised the issues summarized below.

2.1 Harmonization

A number of the participants saw a need for harmonization of regulatory requirements between jurisdictions (i.e. provincial - federal and within North America). These differences create false markets, which impede movements of goods and services (e.g. electricity) and can have an effect on the willingness of investors to support certain technologies. As it is within the department's mandate, IC could influence the creation of a free and open marketplace. The need for harmonization also extends to reporting requirements. There is inadequate coordination between federal and provincial governments. As a result, major sectors (i.e. transportation) and substances (i.e. NO_x) are not included in reporting requirements, such as the National Pollutant Release Inventory. This, in turn, has an influence over how resources are directed and which technologies are developed.

2.2 Drivers of Innovation

There was a significant amount of discussion around whether regulation is a driver of innovation or whether it inhibits innovation. While a number of participants were in favour of voluntary approaches, California's zero emission vehicle regulations was raised as an example of regulation that has driven innovation and created a growth market. It was suggested that Canada is usually in a position of reacting to these requirements in other jurisdictions rather than setting higher standards and taking a leadership position at home. A number of participants voiced concern over government requiring particular approaches or technologies in regulations. Government can specify performance standards, but the market and innovation should determine the best way of achieving them. The challenge of creating demand for environmental technologies is also an issue;

government procurement could have a significant effect on creating a market for these technologies.

2.3 Voluntary Initiatives

Participants supported IC's role in voluntary initiatives but stressed the need for better incentives for companies to participate and the need for follow-up. It was suggested that IC could enhance the uptake of voluntary initiatives by implementing recognition programs, providing assistance towards registration, and ensuring resources for training.

2.4 Investment Capital

There is difficulty in attracting investment capital to environmental technologies in the current economic climate. There is an "innovation gap" between developing a concept and getting a technology to market. IC could have a role in getting the word out to the investment community and in encouraging investment in the sector. The department could work with the Business Development Bank to create a program directed at firms which develop environmental technologies.

2.5 New Economy Focus

Participants felt that much of Industry Canada's communication focus is on the "new economy". Industry Canada needs to address the issue of equity in its treatment of traditional industries as compared to and knowledge-based industries.

2.6 Efficient Use of Materials

It was suggested that IC has a role in promoting the efficient use of materials as this is closely related to adding value to Canada's resources and increasing productivity in the economy.

3.0 Eco-Efficiency

After the lunch break, the group reconvened with a presentation on the eco-efficiency objective by Martin Green, Director, Economic Framework Policies Branch. Feedback from the group indicated that this was generally a strong objective with a good mix of initiatives, particularly those concerning voluntary initiatives and tools. It was suggested, however, that more could be done to expand partnerships for research and development funding to make it more accessible for SMEs.

The benefits of benchmarking and case studies were also discussed. There are issues of competition, however, when companies provide or share information. Companies could be monitored according to set criteria by third parties. This would allow Industry Canada to recognize companies for their achievements and to prepare "modest" eco-efficiency case studies that would not disclose competitive edges. These case studies must show SMEs that they can profit from adopting eco-efficiency and must demonstrate the importance of looking at the entire supply chain.

4.0 Environmental Technology

John Arsenault, Director, Environmental Affairs Branch, introduced this objective. There was considerable discussion of the sustainable cities initiative included in the SDS; IC was asked why this program is directed abroad when there is no such initiative in Canada. Another participant suggested that this initiative is a great “door opener” internationally and that it helps Canadian companies develop markets at home. Other countries, particularly European, have more of a team approach to this sort of initiative and are able to offer financing to potential clients when selling their capabilities abroad. Industry Canada was encouraged to consider this approach.

IC could take a more active role in steering SMEs through government processes; there could be an initiative to train companies and individuals in how to establish and take advantage of partnerships.

One participant recommended including material suppliers in the Intelligent Buildings initiative.

5.0 Decision Making

There was a brief discussion on decision making. It was recommended that IC be more specific in describing actions in its SDS so that it would be possible to gauge the scale of the initiative and level of resources applied. IC was also encouraged to concentrate on ensuring that the message and intent of the SDS is “driven down” into the organization, and that the Department establish a way of measuring how successful it has been. In addition, it was suggested that the Department should not expend resources collecting a lot of performance information. IC should concentrate on reporting on results rather than on a list of activities.

6.0 Summary

At the end of the session, participants were invited to provide final comments. There was general support for the draft SDS and for the approach. IC was encouraged to produce a short and concise version of the strategy which would describe how it fits into the overall SD agenda of the government. One participant urged departmental representatives and to get out and sell the SDS to stakeholders and the public. The importance of the eco-efficiency theme was reinforced; further, the development and application of eco-efficiency indicators would publicize the benefits of that approach. It was iterated at there is an “innovation gap” in Canada between developing concepts and getting environmental technologies to market. Finally, IC needs to recognize that innovation occurs inside traditional industries and there should be a program to encourage and acknowledge this type of innovation.

7.0 Concluding Remarks

The session ended with a brief discussion of the remaining steps in the process for completing the SDS and a commitment to communicate the results to the participants. Participants were invited to send the department any case studies that would provide examples of improved sustainability for inclusion in the upcoming strategy.

Industry Canada's Sustainable Development Strategy II (2000-2003)
Consultations

Toronto Airport Marriott, 901 Dixon Road

Attendees

| **From Industry Canada**

September 28, 2000

Buckley, Adele
Vice President, Technology & Research
OCETA
63 Polson Street, 2nd Floor
Toronto ON M5A 1A4
Tel: 416-778-5281
Fax: 416-778-5624
abuckley@oceta.on.ca

Heffernan, Peter
Regional Director
Rolls-Royce Energy Systems Inc.
27 Christman Court
Markham, Ontario
L3P 3C7
Tel: (905) 201-0724
Fax: (905) 201-0289
Mobile: 416-708-3066
p.heffernan@home.com

Arseneau, John

Chau, Peter

Green, Martin

Yue, Derek

Bugyra, Bill
Director of Business Development
Stuart Energy Systems Inc.
122 West Mall,
Etobicoke, ON M9C 1B9
Tel: 416 621-3594, ext. 225
Fax: 416 621-9461
Cell: 416-576-6198
Wbugyra@stuartenergy.com

Huxley, Tim
Stelco, Inc
100 King Street
Hamilton, ON L8N 3T1
Tel: (905) 528-2511, ext. 4070
Fax: (905) 577-4441
environ@netaccess.on.ca

Campbell, Scott
Policy Analyst
Canadian Chamber of Commerce
BCE Place, 181 Bay Street
Heritage Building, Galleria
P.O. Box 818
Toronto ON M5J 2T3
Tel: 416-868-6415, ext. 228
Fax: 416-868-0189

Laughton, Richard V.
President
Pollutech International Limited
768 Westgate Road
Oakville ON L6L 5N2
Tel: 905-847-0065
Fax: 905-847-3840
Cell: 416-219-6950
laughton@pollutech.com

From Stratos, Inc.

Hayes, Patricia

van Aanhout, Michael

Greenwood, Ellen
Chair, Advocacy Committee
Canadian Environmental Industry
Association, Ontario Chapter
280 Inglewood Drive
Toronto, ON M4T 1J1
Tel: (416) 322-7174
Fax: (416) 322 -0418

Neate, Darryl
Project Manager
Environmental Program, Standards
Development
CSA International
178 Rexdale Boulevard
Toronto ON M9W 1R3
Tel: 416-747-2539
Fax: 416-747-2473
Darryl.neate@csa-international.org

**Industry Canada's Sustainable Development Strategy II (2000-2003)
Consultations
Bilateral Consultations and Individual Submissions**

<p>John Dillon Vice President Environment and Legal Counsel Business Council on National Issues 806 – 90 Sparks Street Ottawa ON K1P 5B4 Tel.: 613-238-3727 Fax: 613-236-8679</p>	<p>David Hecnar Research and Corp. Relations Officer Alcan Aluminium Ltd. 50 O'Connor Street Suite 1408 Ottawa ON K1P 6L2 Tel.: 613-233-8478 Fax: 613-233-6779</p>	<p>Jane McRae Sustainable Development Analyst Sustainable Development Westcoast Energy Inc. Tel.: 604-691-5062 Fax: 604-691-5150 jmcr@wei.org</p>
<p>Sandy Baumgartner Director of Communications Canadian Wildlife Federation 350 Michael Cowpland Kanata ON K2M 2W1 Tel.: 613-599-9594 Fax: 613-721-2902</p>	<p>Michael Harcourt Senior Associate SD Research Institute B-5, 2202 Main Hall University of British Columbia Vancouver BC V6T 1Z4 Tel.: 604-822-8103 Fax: 604-822-9191</p>	<p>Michel de Spot Senior Project Engineer Air 2000, Air Quality Department Greater Vancouver Regional Distr. 4330 Kingsway Burnaby BC V5H 4G8 Tel.: 604-436-6855 Fax: 604-436-6707 michel.despot@gvrd.bc.ca</p>
<p>Ken Ogilvie Executive Director Pollution Probe 625 Church Street, Suite 402 Toronto ON M4Y 2G1 Tel.: 416-926-1907, ext. 231 Fax: 416-926-1601</p>	<p>David Runnalls President International Institute for SD 161 Portage Avenue East, 6th Floor Winnipeg MB R3B 0Y4 Tel.: 204-958-7707 Fax: 204-958-7710</p>	<p>John Weibe President & CEO GLOBE International World Trade Centre 666-999 Canada Place Vancouver BC V6C 3E1 Tel.: 604-775-7300 Fax: 604-666-8123</p>
<p>Elizabeth May Executive Director Sierra Club 1 Nicholas Street, Suite 420 Ottawa ON K1N 7B7 Tel.: 613-241-4611 Fax: 613-241-2292</p>	<p>Roy Staveley, VP Public Affairs & Environment Canadian Electricity Association 66 Slater Street, Suite 1210 Ottawa ON K1P 5H1 Tel.: 613-230-9047 Fax: 613-230-9326 info@canelect.ca</p>	<p>Dallas Morrow 122 Carmen Avenue Winnipeg MB R2L 0E6 dmorrow@edu.gov.mb.ca</p>
<p>Jean-Etienne Klimpt Directeur, Environnement Hydro-Québec 75, boulevard René-Lévesque ouest 2^e étage Montréal QU H2Z 1A4 (514) 289-5386</p>		