

# review

News from the National Round Table on the Environment and the Economy

## The Boreal Forest Nature Conservation Program: Case studies set out obstacles and opportunities

**T**hree case studies setting out obstacles and opportunities related to securing the natural capital of this country's boreal forest have been completed by the NRTEE as part of the second phase of its nature conservation program.

Each case study puts under the microscope a boreal forest area with significant biodiversity and a variety of multistakeholder interests where there is the potential to influence policy.

### Muskwa-Kechika Management Area (M-KMA)

The government of British Columbia passed the *Muskwa-Kechika Management Area Act* formalizing creation of M-KMA late in 1998—and the challenging task of implementing its shared vision is in the early stages. However, the case study identifies a number of best practices, discusses the regulatory and fiscal tools needed to support the translation of broad objectives into on-the-ground decision making across a number of jurisdictions, and makes recommendations on three key regulatory and fiscal policy opportunities.

### Recommendations

The recommendations in the M-KMA are a bit different from the recommendations in the other two case studies because they are NRTEE-specific. After presenting an examination of the M-KMA, including conservation barriers, regulatory and fiscal tools as well as best practices, the case study makes recommendations for further NRTEE work related to:

- promoting the linkage of boreal forest conservation objectives and First Nations treaty/land claims aspirations more effectively

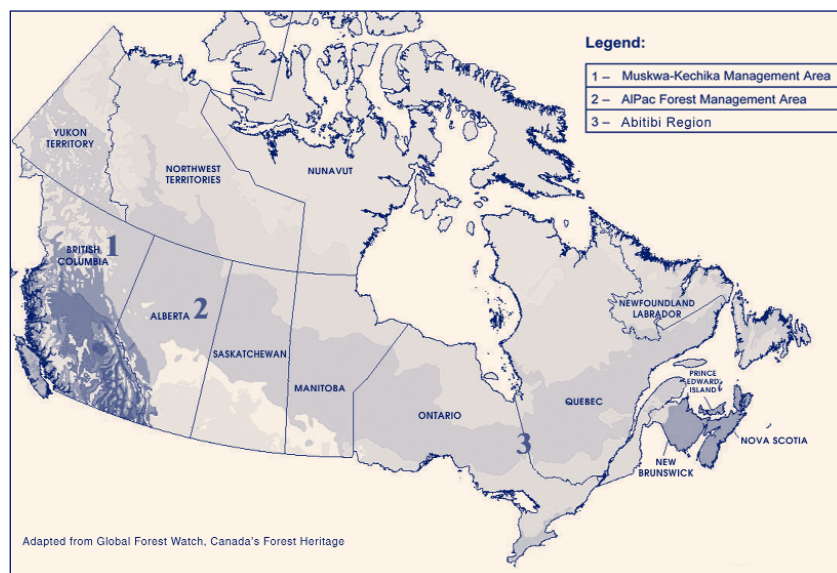
through regional multi-party land use planning initiatives,

- using numerical thresholds—air and water quality criteria, for example—identified as one of the most effective regulatory tools to help provide clear rules for all major players in conservation and development, and
- promoting the establishment of a pilot project to develop a market-based system for allocating land use or access credits in areas of the M-KMA where oil and gas pre-tenure plans have been established with conservation thresholds.

• *Energy and Climate Change: Foundation Paper*

• *Ecological Fiscal Reform: Case Studies*

• *Capital Markets and Sustainability News Briefs*



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The Boreal Forest, *continued...*

## Alberta-Pacific Forest Management Agreement (ALPac FMA) Area

The NRTEE case study on this area of north-eastern Alberta is divided into three parts.

### Part 1: Management Objectives

To identify management objectives that would promote the conservation of natural capital, three specific questions were asked as part of the case study: What key conservation values should be promoted in the ALPac? What indicators of natural capital correspond to these conservation values, and what human activities affect these indicators? What specific management objectives for land uses in the ALPac FMA could be adopted to promote natural capital conservation?

Using a range of sustainable forest management criteria identified by the Canadian Council of Forest Ministers, conservation values relevant to the case study area—biological diversity, for example—were identified and potential trends in indicators corresponding to these values were projected. Some of the management objectives identified were:

- Maintain the total forest cover.
- Maintain the old forest.
- Maintain key aquatic and hydrological features.
- Recognize and protect areas of traditional Aboriginal use and value.
- Establish areas within the managed forest where human impacts are prohibited or severely reduced and manage human access.
- Maintain terrestrial carbon stocks and sinks.

### Part 2: Regulatory Barriers and Options

The case study objective here was to identify fiscal and regulatory barriers to conservation and policy options for conserving natural capital while at the same time recognizing the importance of resource development and other economic and social values for land use in the area. The barriers described include, for example, inadequate integration of decision making; lack of conservation planning at the landscape level; lack of information to support decision making; failure to integrate the true costs and benefits of nature; and lack of financial resources to support conservation and partnerships.

## Energy and climate change: Foundation paper in the works

As part of the NRTEE mandate to help the federal government meet the challenge posed by climate change, the NRTEE held two workshops in Calgary and Ottawa in June to discuss the need for a more integrated and long-term approach to energy and climate change policy.

Using the input gained through the workshop, a foundation paper is under development. This report will explore the linkages between energy, climate change and the economy from a Canadian and continental

perspective. The exploration will involve looking at existing research on long-term energy and climate change issues to determine a core set of issues that may challenge Canada's energy sector. It will also involve a review and assessment of Canada within a global context—for example, what is Canada's energy and climate change relationship with the US, and what energy market opportunities exist abroad for Canada?

The foundation paper will be completed in early 2005. **b**



### Part 3: Fiscal Barriers and Opportunities

Because provincial governments have jurisdiction over most land and resources within the ALPac FMA, the case study focusses on provincial fiscal barriers and then highlights opportunities. For example, natural resource accounts and a common set of sustainability indicators managed by all government

departments could be used to improve the business planning model in Alberta. Transferable development rights could be used to implement forest or habitat loss thresholds in the boreal forest. Access and user charges for non-decommissioned roads could reduce forest fragmentation and species interactions related to human access.

### The Abitibi Region

The Abitibi case study region, bisecting the Quebec-Ontario border, is an ideal proxy for assessing conservation in the boreal region of eastern Canada.

The most striking conclusion of the case study is that despite more than a century of resource exploitation—trapping, logging, mining, hydroelectric development and tourism, for example—the Abitibi forest ecosystem is mostly healthy.

However, the woodland caribou is a threatened species. The caribou freely cross the provincial border, yet there has been little effort to develop a caribou conservation strategy and no joint efforts by the Ontario and

Quebec governments. There is also an absence of regional land use planning in both provinces.

On the positive side, forest certification is growing in importance, and the province of Ontario will require certification of forest company licence holders by the year 2007. Recent agreements between the Quebec government and the James Bay Cree may also serve as precedents and incentive for First Nations in the Quebec part of the Abitibi region to reach a similar type of agreement.

### Recommendations

The 14 recommendations in the case study deal with greater interprovincial cooperation; facilitation of regional land use planning processes; establishment of additional protected areas; more active investigation of mining claims; adopting the triad approach in Quebec; forest companies' certification; more meaningful involvement of Aboriginal communities in resource management, particularly in Ontario; carbon credit ownership in Crown lands; and an integrated regional caribou management strategy. **b**

**Want to know more?** Information on the nature conservation program is on the NRTEE printer-friendly Web site. Full texts of the case studies will be posted soon. To find out more, click on "Conservation" on the main page and then click on your selection under the "Boreal Forest" heading.



## Ecological Fiscal Reform: Case studies finalized

Three case studies finalized as part of the second phase of the NRTEE's Ecological Fiscal Reform and Energy (EFR) program all conclude that, to varying degrees, fiscal tools and incentives can have a positive impact in reducing carbon-based emissions. Here's a very brief look at each.

### Renewable Grid-Power Electricity

The renewable energy case study explores the ability of selected fiscal instruments to accelerate the use of renewable energy technologies and promote the long-term development of Canada's renewable energy sector.

As part of this exploration, the case study looks at the following technologies: wind turbines, low-impact hydro, grid-connected photovoltaics, landfill gas for electricity generation; biomass for electricity generation; tidal energy, and geothermal.

The study examines the current status and the long-term maximum generating capacity of each of these technologies, presents the projected cost of each and the trends affecting this cost, then analyzes the results.

### Energy Efficiency

Canadians routinely avoid obvious cost-effective investments in energy efficiency. This "energy efficiency gap" is one of the challenges addressed in this case study which, through baseline forecasts and simulation models as well as economic and policy analyses, evaluates the potential for EFR policy to influence the adoption of energy-efficient technologies.

### Hydrogen Technologies

This case study on the role of fiscal policy in promoting development of hydrogen technologies and reducing greenhouse gas emissions produced a baseline report and an economic analysis.

The baseline report describes the state of development of hydrogen technologies in Canada and the existing policy framework, and provides an initial evaluation of a range of fiscal policy options. The report identifies seven fiscal policies capable of providing direct incentives to hydrogen technologies while addressing a major barrier that currently limits the technology's market penetration.

The economic analysis presents the results of the modelling exercise undertaken to test the impact of the fiscal policies on particular hydrogen technologies. **b**

## EFR and Energy program update

As part of the current focus of the NRTEE's Ecological Fiscal Reform and Energy program on using fiscal policy to reduce carbon-based emissions without increasing other pollutants, three case studies have been finalized. (See the accompanying article for a brief description of what's in each case study.) These case studies are scheduled to be posted on the NRTEE Web site by the end of September.

The NRTEE's EFR and Energy Task Force has undertaken a study to review the macroeconomic impacts of fiscal instruments that target carbon emission reductions. A workshop on fiscal policy and long-term "decarbonization" is also in the works. As well, development of a *State of the Debate* report on EFR and energy based on all these program activities continues. **b**

## Capital Markets and Sustainability News Briefs

Building on the key issues identified through scoping meetings last fall and winter, the NRTEE's innovative new Capital Markets and Sustainability (CMS) program, whose aim is to articulate the state of the debate in the relationship among capital markets, financial performance and sustainability in Canada, is moving ahead in its research and consultations with key capital market participants. Here's a quick look at what's happening.

- The CMS report *A Comparative Study of UK and Canadian Pension Fund Transparency Practices* was the focus of a recent advisory meeting with trustees from Canada's labour sector. The meeting was held in July in Toronto, and generated good feedback on the recommendations and research directions laid out in the report.
- The Canadian Institute of Chartered Accountants (CICA) is preparing a report for the NRTEE. This report, scheduled for mid-September completion, will provide useful background for NRTEE discussions on disclosure. It will address issues such as the status of Annual Information Form (AIF) and Management's Discussion and Analysis (MD&A) reporting in Canada; current treatment of social, ethical and environmental (SEE) considerations; and advancing capital market integration of SEE factors in investment decision making.
- The CMS program is formulating more research in the areas of corporate sustainability; corporate governance; links between asset allocation decisions and sustainability; and, possibly, metrics.

The NRTEE will release a *State of the Debate* report including the CMS program's findings and policy recommendations in the fall of 2005. **b**

## Upcoming Conference

The NRTEE is partnering with the Canadian Institute for Business and the Environment to host Canada's first **Sustainable Technologies & Services Summit** at the Chateau Laurier Hotel, Ottawa, November 14 - 16, 2004.

The summit will feature keynote speakers from both the private sector and from government, highlighting the opportunities available for economic growth and enhancement of environmental quality through increased application of innovative Canadian sustainable technologies and services.

For information, sponsorship opportunities, exhibitor information, registration forms, and program announcements visit [www.stss.ca](http://www.stss.ca). **b**



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Denise Wilson

*Receptionist/Secretary*

Carole Desjardins

*For more information, contact:*

**The National Round Table  
on the Environment and  
the Economy**

Canada Building  
344 Slater Street, Suite 200  
Ottawa, Ontario  
Canada K1R 7Y3  
Tel: (613) 992-7189  
Fax: (613) 992-7385  
E-mail: [admin@nrtee-trnee.ca](mailto:admin@nrtee-trnee.ca)  
Web: <http://www.nrtee-trnee.ca>

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