

r e v i e w

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

Introducing Glen Murray, NRTEE Chair

FACILITATE, AFFILIATE and ADVOCATE—those will be three key strategies in the work of the National Round Table as Glen Murray takes over as the new NRTEE chair.

“Based on my experience as mayor of Winnipeg and chair of the Big City Mayors Caucus, I believe that the efficacy of the federal government depends very much on its ability to engage other levels of government and other sectors. At the Round Table, we

have a unique structure and range of members from all sectors possessing valuable knowledge. Part of my job will be to draw out the knowledge of each of those members as we continue to develop the Round Table’s and Canada’s expertise and push for effective public policy,” explains Glen Murray.

“The NRTEE does not have a huge budget and staff, so to use our resources most effectively we have to seek out and facilitate good work

where it is already being done in this country. We will join others already working for a sustainable environment and economy; we’ll ask people and organizations in Canada to affili-



Glen Murray, NRTEE Chair

ate with us and use the NRTEE as a door to the federal government, to which we have direct access. But we also plan to drive home the points we want to make to the federal government quite clearly—since we are an independent federal agency, we can act aggressively as advocates

for innovation in advancing Canada’s combined economic and environmental interests.”

Glen Murray sees energy and climate change as one of the big challenges of his mandate. “Post-Kyoto, our intention is to help determine and understand the national interest in the face of the energy and climate change challenge. How will climate change affect Alberta, for example, and how do we deal with the fact

Ecological Fiscal Reform (EFR) — What is it?

The NRTEE has defined EFR as a strategy that redirects a government’s taxation and expenditure programs to create an integrated set of incentives supporting the shift to sustainable development.

This sounds complicated, but the principles underlying EFR are straightforward—taxes and government spending have a tremendous effect on how the economy functions, and the way to maximize this impact is to make sure tax and spending policies work together. EFR involves a strategy where the way government spends and imposes taxes creates a unified set of incentives, both positive and negative, to support its goals. EFR works because it is cost-effective and market-driven. By giving the right set of price signals, government enables the best

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National Round Table on the Environment and the Economy

Table ronde nationale sur l’environnement et l’économie



NRTEE to release Ecological Fiscal Reform *State of the Debate*

“Long-term investments in energy and climate change need to be driven by a strategic framework that uses fiscal policy and that integrates energy efficiency, renewables, hydrogen, and other emerging technologies. Without EFR, the government will be pursuing this strategy with one hand tied behind its back.” That’s how Jean Bélanger, chair of the NRTEE Task Force on Ecological Fiscal Reform and Energy, describes the importance of EFR to our energy and climate change future.

Recognizing this importance, the NRTEE is now releasing its new *State of the Debate* report entitled *Economic Instruments for Long-Term Reductions in Energy-Based Carbon Emissions*. Its release marks the conclusion of the second phase of the NRTEE’s EFR Program.

The report is in two parts. The six sections in Part 1 cover high-level themes and general findings plus recommendations. Part 2 summarizes the findings, macroeconomic impacts, policy implications and recommendations from the three EFR case studies on energy efficiency, emerging renewable power technologies and hydrogen energy. Executive summaries of these case studies are included as appendices.

You’ll definitely want to consult the *State of the Debate* for the full scoop, but here’s an idea of what the report contains.

Benefits of Public Investment

Participants in the EFR and Energy Program saw many benefits of public investment in a long-term carbon emissions reduction strategy over and above any climate change mitigation. These include: energy security, cleaner air and improved quality of life, reduced health care costs, enhanced industrial capacity in new envi-

Ecological Fiscal Reform, *continued...*

allocation of resources to achieve environmental and economic policy objectives at a lower cost. EFR can be designed to be revenue neutral, so at a time when the federal government faces a range of other spending priorities, EFR allows the government to meet its environmental responsibilities without additional spending or higher taxes. ■

ronmental technologies, a greater presence in growing export markets, increased commercialization and leveraging of government-funded research, new jobs and regional development, development of value-added and intellectual property-intensive secondary industries, and an improved ability to compete in international markets.

Four Key Findings in the Report

Four key findings emerged from analysis and consultations on the role of fiscal policy in promoting long-term carbon emission reductions.

“The Round Table’s work demonstrates that the application of economic instruments to the climate change issue in a coordinated and orderly manner could yield substantial benefits not only for climate change but also for a broad range of national objectives.

It can also help the country take a leadership position in the innovation of technologies that will lay the foundations of a sustainable energy future, in Canada and around the world.

Canada has an opportunity to be a leader in these areas. Much of the groundwork is done. All we need to do is accept the challenge.”

– Excerpt from an April 8, 2005 speech in Montreal by Jean Bélanger, Chair, National Round Table Task Force on Ecological Fiscal Reform and Energy

First, economic instruments can indeed make a significant contribution to the achievement of long-term reductions of energy-based carbon emissions. However, their full potential will only be realized under certain conditions which include, for example, a sustained government commitment, a coherent and consistent fiscal policy and closely coordinated federal–provincial actions.

Secondly, there is no contradiction between promoting long-term carbon emission reductions through EFR initiatives and pursuing Canada’s other key societal objectives such as energy security and economic

development. But success requires a framework that clearly identifies opportunities for achieving these objectives and the necessary actions for doing so.

At the same time, promoting energy technology development through EFR initiatives does not necessarily lead to a long-term reduction in emissions. This means carbon emission objectives need to be integrated with technology development policies.

Finally, economic instruments designed to promote these reductions through technology need to reflect both the market and technological maturity of the technology in question. So the instruments and their focus will be different for mature carbon emission reduction technologies, emerging carbon-efficient energy technologies and longer-term carbon emission reduction technologies.

Recommendations

Recommendations in the *State of the Debate* report fall into three areas.

The first two recommendations focus on the type of policy instrument to be used in the pursuit of long-term carbon emission reductions: a broad-based price signal such as a charge or a permit market should be seriously considered or, as an alternative to this, economic instruments targeted to specific types of technology should be used, but they would need to be broadened and designed to be linked directly to carbon emission reduction. (An example of such an instrument is the United Kingdom’s enhanced capital allowance for vehicles with low carbon emissions.)

The next four recommendations draw directly on EFR and Energy Program case studies and have to do with the concurrent development of industrial energy efficiency, emerging renewable power technologies and hydrogen fuel—adopting recommendations in these areas as a coordinated suite would allow maximum benefit from the technologies at the most appropriate point in their projected development.

The last two recommendations suggest concrete measures to address the need for better information supporting the development of policy for long-term carbon emissions reductions, including, for example, evaluating and monitoring progress and assessing the effectiveness of economic instruments. ■

Ecological Fiscal Reform Program wraps up

The release of this *State of the Debate* marks the end of the NRTEE's EFR and Energy Program, the second phase of the EFR Program. This second phase has focused on the use of economic instruments in achieving long-term reductions in GHGs, specifically carbon emissions.

Phase 1 explored the general potential of economic instruments to advance sustainable development, looking at EFR measures in Europe, the United States and Canada, as well as the use of EFR in specific sectors of the economy. Launched in 2000, Phase 1 concluded in 2002 with the publication of *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps*.

Even though the NRTEE is now winding up its EFR Program with the completion of Phase 2, we are continuing to work on the broader issue of climate change and energy as mandated by Prime Minister Paul Martin in February 2005. ■

Prime Minister announces more appointments

On April 11, Prime Minister Paul Martin announced the appointments of Linda Coody and Steve Williams as members of the National Round Table on the Environment and the Economy.

Linda Coody is currently Vice-President, Sustainability, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games. She was previously the vice-president of the Pacific Region for World Wildlife Fund Canada. Ms. Coody has also been a vice-president with MacMillan Bloedel and with Weyerhaeuser's British Columbia Coastal Operations.

Steve Williams is currently Executive Vice-President, Oil Sands, Suncor. Through his work in the oil patch and energy management, he has demonstrated strong leadership in sustainable development, health and safety, finance, marketing, human resources and information technology.

Please see the back page of this newsletter for a full list of current NRTEE members. ■

Aboriginal Peoples and the Boreal Forest

The authors of a new NRTEE research paper on Canada's boreal forest argue that we need to completely abandon short-sighted, reactive resource use decisions about boreal forest management in favour of integrated land use planning.

Building on three case studies prepared as part of the NRTEE's boreal forest program—you've read about them in past issues of the *Review*—this paper, entitled "Aboriginal Issues in Canada's Boreal Forest," focuses on Aboriginal peoples' experiences and challenges in boreal forest resource and planning management.

The research paper provides a broad backdrop to current Aboriginal issues in Canada's boreal forest. Beginning with an introduction that sets the sustainable development context and presents the case for increased Aboriginal participation in decisions related to the boreal region, the paper moves to a review of governments' Aboriginal consultation policies, and to treaty and other legal rights. Then, the authors discuss capacity, Aboriginal forestry and best practices, plus federal constitutional jurisdiction and non-constitutional roles.

The authors note that increasing Aboriginal participation in planning and management processes for the boreal forest

makes sense both legally and as a matter of good public policy. Aboriginal peoples have constitutionally entrenched rights tied to the land, and more than a million Aboriginal people live in Canada's boreal forest—they make up, on average, a third of the total Canadian population in the boreal region, but this proportion goes up drastically as the distance from urban centres increases. The authors note that Aboriginal peoples are *the* key players in boreal land use decisions in Canada, particularly in the unallocated parts of the boreal forest, which make up 70 percent of the region.

Recommendations in the research report range from, for example, establishing comprehensive land use planning in all boreal regions as a foundation for building a sustainable future for the boreal and its peoples, to expanding existing programs promoting conservation-based sustainable businesses for Aboriginal communities.

This research paper was commissioned as part of the NRTEE boreal forest task force's efforts towards producing a *State of the Debate* by the fall. The research paper Executive Summary will be posted on the NRTEE Web site soon and will include contact information in case you want to request the full report. ■

Getting ready for CoP11

As Canada prepares to host the 11th meeting of the United Nations Framework Convention on Climate Change Conference of the Parties (CoP11), the NRTEE is providing the government with guidance on issues such as: long-term greenhouse gas (GHG) reduction targets; engaging the United States and key developing countries in the post-Kyoto climate change regime; and improving the Clean Development Mechanism, a means for countries or companies to contribute financially to GHG reduction measures in developing countries.

The NRTEE's advice will be delivered to the federal government by September.

The conference, scheduled to be held in Montreal in November and December 2005, will be the first opportunity for participating countries to formally discuss post-Kyoto GHG reduction. The conference will offer Canada, as host, a unique opportunity to help shape the future of global climate change policy. Watch for more details about the conference in upcoming issues of the *Review*. ■

Glen Murray, continued...

that our major trading partner is not a signatory to the Kyoto accord? There are no quick answers, but the competencies to deal with these complex issues are right here at the NRTEE.”

Prime Minister Paul Martin announced the appointment of Glen Murray in March. Murray, best known for his vision to build culturally dynamic urban centres, is one of the pioneers of green infrastructure initiatives in Canada.

About the Round Table

The Round Table has a chair plus 24 members—business executives, environmentalists,

labour leaders, Aboriginal groups, academics—who come from across the country and who are appointed by the prime minister.

Working together, engaging experts and often building national multistakeholder groups, the Round Table meets four times a year to promote sustainable development, analyze issues and recommend changes to public policy. (The NRTEE is structured as a round table to facilitate a free exchange of ideas and help reconcile positions that have traditionally been at odds.)

The Round Table also serves as a think tank on matters of particular urgency to the Government of Canada. In this capacity, it examines the environmental and economic

implications of these priority issues—issues such as eco-efficiency, Aboriginal communities and non-renewable resource development, and national environment and sustainable development indicators—and offers advice on how best to reconcile the sometimes competing interests of economic prosperity and environmental preservation.

In recent years, the NRTEE has also completed groundbreaking work on domestic emissions trading regimes, brownfield redevelopment, urban sustainability and conservation of nature.

Currently, the NRTEE is working on conserving Canada's natural capital in its boreal forest, capital markets and sustainability, energy and climate change, and ecological fiscal reform and energy. ■

NRTEE MEMBERS as of May 2005

Chair

Glen Murray
Winnipeg, Manitoba

Elyse Allan
President & CEO
GE Canada
Toronto, Ontario

Allan F. Amey
President & CEO
Climate Change Central
Calgary, Alberta

David V.J. Bell
Professor, Environmental Studies
York University
Toronto, Ontario

Katherine M. Bergman
Dean, Faculty of Science
University of Regina
Regina, Saskatchewan

William J. Borland
Director, Environmental Affairs
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Saint John, New Brunswick

Wendy L. Carter
Vancouver, British Columbia

Linda Coady
Vice-President, Sustainability
Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games
Vancouver, British Columbia

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Montreal, Quebec

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Alfred Pilon
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Montreal, Quebec

Darren Allan Riggs
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Superior Sanitation Services Ltd.
Charlottetown, Prince Edward Island

Robert Schad
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Husky Injection Molding Systems Ltd.
Toronto, Ontario

Keith Stoodley
Director, Marketing and Sales
Lotek Wireless Inc.
St. John's, Newfoundland and Labrador

Sheila Watt-Cloutier
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Iqaluit, Nunavut

Judy Williams
Partner
MacKenzie Fujisawa
Vancouver, British Columbia

Steve Williams
Executive Vice-President, Oil Sands
Suncor Energy Inc.
Fort McMurray, Alberta

NRTEE SECRETARIAT

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Senior Policy Advisors
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Policy Advisors
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Denise Dinel-Larivière

Finance & Administration Clerk
Marie-France Brassard

Administrative Assistants
Lise Bélanger
Denise Johnston

Tania Tremblay
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
Web: <http://www.nrtee-trnee.ca>

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