



The Clean Foundation is pleased to provide the following input concerning the draft *Greener Economy Strategy*. We support the four Focus Areas and Strategic Priorities identified in the *Strategy*. In particular, we recognize the many elements in the *Strategy* that echo the key messages from the *Ivany Report*:

- the need for greater regulatory cohesiveness and clarity to ensure effective protection of the environment and social welfare while supporting robust business development;
- the leveraging of Nova Scotia's leading post-secondary education sector to create innovative products, services and solutions;
- the incorporation of the notions of quality of life, well-being, and social equity, which ensures that the impacts of the *Strategy* on vulnerable Nova Scotians must be taken into account;
- the value of cross-sectoral partnerships and collaboration to address the many facets of complex environmental and economic development challenges;
- the focus on sustainably growing and developing Nova Scotia's resource-based industries, which will continue to provide the backbone of rural economies for years to come;
- the focus on identifying and incubating niche markets to spur the development of value-added exports; and
- the recognition that the greener economy is not, nor can it be allowed to become, a subset of the larger economy. Instead, it is a strategy for transforming the entire economy to ensure long-term, environmentally sound and socially inclusive prosperity.

A. Recommended Enhancements to the *Strategy*

The following are several key ways in which the *Strategy* could be enhanced in order to deepen its potential to drive the kind of transformative change needed to achieve genuinely sustainable and socially inclusive prosperity in Nova Scotia.

1. Addition of Action Steps

The draft *Strategy* is largely descriptive in nature. It would benefit from greater elaboration of the types of actions that government will take to accomplish each of the Strategic Priorities, as well as broad time lines for their achievement. To be clear, we are not suggesting that the *Strategy* be entirely re-worked into a concrete action plan document; this would require more resources and time than have been granted. However, we are concerned that without a greater degree of specificity concerning the actions government intends to take to build the greener economy, as well as a set of deadlines, the *Strategy* will lack the teeth it needs to drive transformative change. To this end, in our review of each of the Focus Areas we suggest potential action steps that could be incorporated into the final *Strategy* document.

2. Requirement for Periodic Review and Update

In order for the *Strategy* to remain relevant, it should contain a mandatory review provision that requires it to be reviewed and updated by the Roundtable on Environment and Economy on a regular basis. The suggested period is five years, offset in such a way that the review period does not fall in the same year as the review of EGSPA.

3. Requirement to Develop Indicators

We feel that the *Strategy* would be a much more powerful tool for change if it were anchored by a set of indicators that could be used to measure progress towards achieving sustainable prosperity. The Organization for Economic Cooperation and Development (“OECD”) has noted that:

Developing and implementing framework conditions that promote green growth requires a good understanding of the determinants of green growth and of related trade-offs or synergies. It also requires appropriate information to support policy analysis and to monitor progress.¹

There are numerous candidate indicators that have been articulated, including the Indicators of Prosperity used to measure progress under EGSPA. However, some of these indicators are problematic. For example, it has been observed that measuring the “Value of Natural Resources” or the “Value of Renewable Resources” could prompt perverse outcomes, in that resource price (which is generally equated with value) tends to increase with increasing scarcity. Another example of a problematic indicator is 'green jobs', which are often touted by green economy champions. However, there is no clear definition of what constitutes a 'green job', as a result of which such counts often yield conflicting numbers. Moreover, in some industries, the drive toward increased productivity and innovation can, in some cases, reduce the number jobs required to manufacture a product or deliver a service. In this way, too great a focus on green job creation and maintenance can run counter to the achievement of broader sustainability goals.

For this reason, it is critical to select the right types and balance of indicators. The OECD has set out three guiding principles:

1. Policy relevance. Indicators should be easy to interpret, yield results that are comparable with other benchmark jurisdictions, and are scalable to different levels of detail or aggregation (i.e., municipal versus regional versus provincial).
2. Analytical soundness. Indicators should have broad scientific consensus as to their validity. They should also lend themselves to use in environmental and economic modelling and forecasting.
3. Measurability. Indicators should reflect data that are regularly updated, of known quality, and can be readily obtained at a reasonable cost.

Finally, we recommend that the selected indicators be integrated into a balanced scorecard model of performance measurement. This is essential to ensure that trade-offs can be made when pursuing green economy policies to reflect broader societal objectives (i.e., an emphasis

¹ Organization for Economic Cooperation and Development. (2011). Towards Green Growth: Monitoring Progress OECD Indicators. Retrieved from <http://www.oecd.org/greengrowth/48224574.pdf>

on job creation over increased resource productivity, or vice-versa). But on a broader, systems-level assessment of the progress towards a greener economy, the balanced scorecard approach will ensure that no one indicator or set of indicators is consistently privileged over others.

As the above concerns should indicate, creating the balanced scorecard is a complex task that cannot be completed within the limited time frame available to finalize the *Strategy*. Accordingly, we recommend that one of the first action steps included in the *Strategy* should be for Government to seek expert input into the selection of green economy indicators and their compilation into a balanced scorecard.

B. Additional Focus Areas

There are several additional focus areas that would be beneficial to address gaps in the *Strategy*.

1. Rural Greener Economic Development

While the existing focus areas all impact this issue, we feel that the greener rural economy is worth a separate focus for several reasons. As highlighted by the *Ivany Report*, urban and rural areas face different economic and demographic challenges compared to urban areas. Among other distinctions, rural regions face greater rates of out-migration, tend to be more economically dependent on natural resources, and are more isolated from key commodity processing and distribution infrastructure. Moreover, there are key variables between and among different regions. As such, a ‘one-size-fits-all’ approach to greener economic development for the province is not ideal. Another reason to justify a specific focus on rural economic development is that many rural communities are facing much greater economic and demographic challenges than urban areas, and so there is an increased sense of urgency. Finally, given the short period of time allotted for public consultation on the *Strategy*, there has been little opportunity to seek input from rural voices. The Roundtable has made its best efforts to include some of these perspectives within the time allotted, but there was insufficient time to do this piece justice.

2. Development of Eco-Fiscal Tools

The second additional focus area should concern the potentially powerful role of eco-fiscal tools such as carbon pricing, emissions caps, tax credits and development charges to promote the transition to a low-carbon, efficient and equitable economy. We support a system where industry is accountable for the full spectrum of their environmental impacts. While a greener economy strategy should include incentives and policies to support clean energy and reduce emissions, it is also important to incorporate disincentives and caps that discourage or prohibit undesirable environmental impacts. For example, the emissions limits in EGSPA have played a huge role in shifting the emissions profile of Nova Scotia’s electricity sector over a relatively short time-frame.

Even a brief review of the scope and variation in carbon tax / pricing / emissions caps frameworks implemented in different jurisdictions in Canada and internationally underscores the myriad of design choices. And, while British Columbia’s carbon tax serves as an interesting case study, there are key differences between Nova Scotia and British Columbia with respect to our economic health and the carbon-intensity of our electricity grids that should be considered before implementing a similar regime here. The Clean Foundation suggests that a sub-

committee / task force be formed to analyze the options available and recommend a preferred approach.

3. Fostering the Right Kind of Business

The *Strategy* development process presents an opportunity to take a considered approach to fostering the right kind of business growth in Nova Scotia. Not all industries are desirable; not all uses of our natural resource wealth are justifiable in view of the long-term impacts on human and ecosystem health and resilience. As a province, we need to move away from over-reliance on low-value, high impact ‘sunset’ industries and put our stake in businesses that create value-added products and services with export potential and which cultivate employees with in-demand skillsets. This requires us to strategically assess our capital resources (human, social, natural, financial and manufactured), identify potential uses and, where potential uses conflict with one another or with broader environmental or social objectives, to prioritize the best uses. Such an approach should include the following considerations:

- Identify sectors that have export development potential for low-impact, value-added products and services, or those which can mitigate the harms caused by climate change and other negative environmental phenomena.
- Particular focus should be given to sectors with the potential to simultaneously increase exports and reduce the need for imported goods and services, e.g., the agriculture sector.
- Of the sectors with development potential, identify those which are well-aligned to leverage Nova Scotia’s post-secondary research and development expertise through partnership and collaboration.
- Explore the potential for public-private partnership (P3) contributions to the development of the sector.
- Pay particular attention to those sectors that are critical to strengthening rural economies.
- Consider the impact of the development of each sector on social equity and welfare, particularly with respect to vulnerable populations (e.g., the elderly, disadvantaged minorities, and those living in low-income).

C. Suggested Revisions to Existing Focus Areas

Focus Area 1 – Promote the value of regulatory certainty for innovation and cost predictability

Promoting innovation and cost predictability are laudable principles to guide regulatory reform. However, we are concerned that there is no mention of other key values such as protecting the environment or ensuring equity and fairness in the both the purpose and effect of regulation. As noted at page 56 of the *Ivany Report*, “Currently there is a lack of trust in the regulatory and enforcement system by both those who have to abide by it to create a business or start a new resource use activity, and those who expect that system to protect both citizens and the environment to ensure economic, social and environmental sustainability.” The Doelle-Lahey Panel made a similar finding with respect to the current state of aquaculture regulation in their draft Independent Aquaculture Regulatory Review Report. It is critical to re-building public trust

in our regulatory framework that people see that government values regulatory certainty not only as a strategy “to make it easier for business to comply”, but also to protect our environment and our citizens.

Accordingly, while we agree that creating outcome-based regulation can facilitate innovation by giving regulated parties the flexibility to introduce new technologies and processes to meet the mandated outcomes, we suggest that this approach be applied cautiously. Where a regulation's primary purpose is the protection of human or environmental health and safety, it will often be preferable to use more prescriptive regulations. Such an approach need not be synonymous with heavy regulatory burdens or cumbersome processes; indeed, well-designed strict environmental regulations can potentially enhance business competitiveness by stimulating innovation.²

We also support work to increase regulatory efficiency and harmonization not only within the provincial government, but also between different levels of government. For example, we have seen how the integration of wind power into communities like Amherst has been challenged by inconsistent municipal government approaches to matters like public consultation and determining zoning and set-backs. Community members have also expressed confusion at the complex interplay of responsibilities between the municipal government, provincial departments, and regulatory bodies such as the UARB. Rationalizing and streamlining these processes could enhance public support for distributed renewable electricity generation in Nova Scotia, which can provide significant benefits in terms of energy security, reliability and reduced transmission losses.

Suggested Actions

- Conduct an independent review of the regulatory framework governing renewable electricity generation, giving regard to the challenges facing both purely private and community-partnered developments.
- Members of Nova Scotia's local food economy have cited numerous instances of cumbersome and inconsistent regulation that stymies the growth of local farms and local food in Nova Scotia. A potential solution might be to conduct a multi-stakeholder independent review of regulations concerning local food production, processing and distribution, akin to the independent aquaculture review.
- In each of the above cases:
 - identify the various levels of government with jurisdiction over the sector and, within each government, which departments have direct or significant regulatory authority. Consider establishing a working group comprised of representatives from each department to create a unified approach to sector development; and
 - evaluate the role of any Crown corporations, agencies, boards or other regulatory bodies to determine whether their functions can be streamlined, consolidated or eliminated.

² See, e.g., Ambec, S., Cohen, Mark A., Elgie, S., & Lanoie, P. (January 2011). The Porter Hypothesis at 20: Can Environmental Regulation Enhance Innovation and Competitiveness? Discussion Paper RFF DP 11-01. Retrieved from <http://www.rff.org/documents/RFF-DP-11-01.pdf>

Where possible, the province should avoid the creation or maintenance of distorted economies.

Focus Area 2 – Develop the clean technology sector

There should be greater focus and funding devoted to the early- and mid-stage commercialization of clean technology. Once a product has reached late stage development, the developer typically has the ability to access loans and funding from a number of different sources, including banks. By contrast, companies in earlier stages of development have few funding avenues open to them. Additionally, much of the focus on clean technology development is directed towards new start-ups. However, attention should be paid to existing companies in sunset industries or those which are heavily emitting to assist them in transitioning to the clean technology sector.

Suggested Actions

- Consider restructuring provincial clean technology development funding to address the gap for early- and mid-stage commercialization. For example, the Early Stage Commercialization Fund currently has caps of \$50,000 per project. The province should review whether increasing this amount might help to address this gap.
- Reallocate provincial clean technology funding to create a pool of bridging funds to support existing companies that can demonstrate the potential to make a viable transition to the clean technology sector.

Focus Area 3 – Promote energy and resource efficiency as enablers of economic growth

Energy and resource efficiency are key to sustainable economic growth, but they must be paired with sound resource management strategies in order to ensure a sustainable economy. While we strongly support improved efficiency and productivity in resource use, we are concerned that there is no express connection to sound ecological thresholds for natural capital. We need science-based thresholds to indicate the healthy baselines for renewable resources, or even the most efficient and productive use might risk depleting a stock below safe levels. As such, the drive to improve efficiency of resource use must take place within a framework that prioritizes higher value uses for resources and sets evidence-based ecological thresholds for sustainable rates of resource use.

Suggested Actions

- Ensure that science-based thresholds are incorporated into all resource use strategies and plans for natural resources to ensure that improvements in efficiency are balanced off against long-term conservation and sustainability of the resource.
- The focus on energy efficiency needs to expand beyond a focus on electricity usage by homeowners. The province should provide funding or, at the very least and regulatory support, for increased efficiency of other heating sources and for renters.
- Government should take the opportunity to lead by example. Public buildings should be retrofitted with efficient lighting and heating systems and water-conserving appliances.

- Greater focus should be placed on assisting businesses to identify and develop strategies to make efficient use of non-traditional resources such as waste by-products. For example, many businesses generate waste heat or manufacturing by-products that could be captured and turned into a supplementary income stream. Government could play a role here by helping to establish an information hub for SMEs and facilitate networking with business champions who have found value-added uses for their by-products.
- With respect to non-renewable resources, we suggest that the strategic approach to fostering economic development in Nova Scotia recommended on pp. 3-4 above should include a review and prioritization of the highest value uses of non-renewable resources. For example, it makes little sense to use energy dense compounds like fossil fuels to do work that can be done with low density forms of energy. Heating homes and businesses with fossil fuels is a poor use of these valuable and non-renewable energy sources. Nova Scotia is currently experimenting with the use of geothermal energy to replace fossil fuel derived energy for heating and cooling, and continued exploration of alternatives such as this is important. Another example of priority resource use relates to high quality farm land in Nova Scotia. Lands with higher quality agricultural soil classes should be protected from other development applications such as housing developments.

Focus Area 4 – Accelerate the greening of companies, products and services

We feel that the proposed changes to the *Solid Waste-Resource Management Regulations* (“SWRMR”) concerning the creation of an enhanced extended product responsibility (“EPR”) framework is a key strategy for accelerating the greening of the economy. When properly designed, EPR frameworks not only divert waste from landfills, but also create economic incentives for producers to reduce the amount of packaging and design products to have longer lives and higher recyclable / reusable content at end-of-life.

Suggested Actions

- Many SMEs could benefit from the increased efficiencies that accompany a greening of their business. However, unlike larger concerns, SMEs often lack the resources to assess and carry out sustainability initiatives. Government could play a facilitation role here by establishing an information hub that provides ideas and strategies for business owners looking to improve their business's sustainability, and connects them to resources that could guide them through the transition. Bridge funding to support more extensive transitions might also be beneficial for smaller businesses that have fewer resources to manage the risks associated with such transitions.
- Environmental standards and certifications, such as those offered by ISO and LEED, provide clear road maps to guide the pursuit of increased sustainability within a business, as well as offering recognition and potential competitive advantages. However, systems such as ISO and LEED are complex, highly-involved and generally not suitable for SMEs. Government could support the greening efforts of SMEs through championing the establishment of a regional or national sustainability standards for SMEs.