

# Summary of a Presentation to the Environment Act Review Panel Mount St. Vincent University, Halifax, 2 May, 2000

In general, GPI Atlantic agrees with the recommended changes in the Discussion Paper, particularly those sections that strengthen the Department's ability to:

- take action with respect to contaminated sites;
- promote compliance when voluntary initiatives fail;
- implement economic instruments and the polluter pay principle more effectively; and
- increase public engagement.

GPI Atlantic also applauds the Department's successes under the Act, particularly the diversion of 50% of solid waste from landfills by the year 2000.

In light of recent confusion at the federal level on the definition of the "precautionary principle," GPI Atlantic also favours a clear re-affirmation and unambiguous definition of that term in the Environment Act, in order to ensure that decisive action to protect the environment can be taken when necessary. It should be stated clearly that lack of scientific certainty is never a reason for inaction, when substantial scientific evidence indicates that there is a potential danger of irreversible damage.

## **Are We Actually Protecting the Environment?**

However, this presentation focuses on one area that is not addressed in the discussion paper, and which is essential if the Environment Act is to be truly effective. We must acknowledge that, although everyone agrees that environmental protection is critically important, our actual capacity to do so effectively is profoundly uncertain.

Our children inhabit a depleted natural world: There are less fish in the oceans than when we were their age. Agriculture Canada reports that the Atlantic provinces have lost 30% of their soil organic matter since the early 1960s. Forty years ago, 24% of Nova Scotia's provincial forest land had trees older than 80 years; 8% had trees over 100 years old. Today less than 2% of our forest land has trees older than 80 years, and our 100+ year trees have almost completely disappeared. Throughout the world, we are destroying species of plants and animals at an unprecedented 1,000 times the natural rate.

Our children will inhabit a world in which the seasons and the climate that were once so reliable are profoundly uncertain. We have more chemicals and toxins in our environment than ever before, and we have environmental illnesses that were unheard of 30 years ago. More than one-third of Nova Scotians drink bottled water or filter their tap water because they do not trust what comes out of their taps. Scientists at the University of British Columbia calculate that if all the

earth's inhabitants were to consume resources and produce waste at the rate that Canadians do, we would need three additional planets earth. What will our children say about the inheritance they leave their children?

If we are honest with ourselves, we must admit that the answer to that question may be frightening indeed, that our own record in protecting the environment is mixed at best, and that human resource use, and waste and greenhouse gas production may already be exceeding the earth's carrying capacity. Whatever modest steps we take in monitoring environmental compliance, we have to admit that our actual protection of the environment does not match the real need that exists, and that we are probably not keeping pace with actual rates of environmental and resource degradation. Since 1992, for example, rates of clear-cutting have doubled in Nova Scotia.

### **Fundamental Causes of Inadequate Environmental Protection**

It serves neither human society nor the environment to give in to despair or anger. Instead, we must honestly acknowledge the cause of the current "disconnect" between our aspirations and our actual capacity to protect the environment, and we must identify the fundamental causes of this gap. Sadly, the proposed changes to the Nova Scotia Environment Act, however laudable, will not reverse the trends we have observed. But there is a way in which this province can take the lead by adding a significant amendment to the Environment Act that can set a real example for other jurisdictions, and begin a process that can lead to more substantial environmental protection.

Surely the fundamental cause of our inability to protect the environment effectively is the fact that human activity is regulated primarily by market mechanisms, while most environmental goods and ecological services are not traded in that market. As long as those services are regarded as "free," they are not fully valued in a market-based system. What is not sufficiently valued in turn receives minimal policy attention, and fails to motivate human behaviour.

The Nova Scotia Round Table on Environment and Economy recognized this fact explicitly when it noted that full-cost accounting was an essential prerequisite for its 1992 Sustainable Development Strategy. Indeed, the most recent Federal Budget for the first time included the promotion of integrated economic-environmental accounting. In his budget speech, the Federal Finance Minister noted: "In the years ahead, these environmental indicators could well have a greater impact on public policy than any other single measure we might introduce." As well, the federal government now requires each federal government department to produce a sustainable development strategy, and has appointed a Commissioner for the Environment and Sustainable Development within the office of the Auditor-General.

### **What Can a Good Environment Act Do?**

These important steps show the way, and there is no reason that Nova Scotia cannot decisively take the lead among the provinces in moving forward in the direction indicated by the provincial Round Table eight years ago and now addressed by the federal government. "Full-cost accounting" quite simply begins to integrate environmental benefits and costs into standard

market measures, so that prices begin to reflect true costs and so that ecological services are fully valued.

The first step in this direction is a set of provincial accounts that values our natural resources accurately, that accounts for material, energy and waste flows through the economy, and that separates out defensive expenditures on pollution abatement and control from standard indices of economic growth. The necessity for these steps becomes clear when we recognize that natural resource depletion, pollution, and increased fossil fuel combustion are currently counted as contributions to economic growth, well-being and prosperity. While the market economy sends these misleading messages to policy-makers, the best-intentioned Environment Act will have only limited efficacy.

The methodologies for each of the three steps suggested in the paragraph above have been developed by Statistics Canada in its new Canadian System of Environmental and Resource Accounts, that itself responded to explicit recommendations for integrated environmental-economic accounting contained in the 1993 revisions to the internationally accepted System of National Accounts. Nova Scotia has already taken the lead among the provinces in developing a Genuine Progress Index that begins to apply and implement these methodologies in practice. Needless to say, a more accurate set of accounting procedures that explicitly values environmental goods and services is only a first step towards "full-cost accounting." A second step is a system of financial incentives and penalties that accords with these accounts and the values they express. Currently, wood lot owners are literally rewarded for trashing their wood lots, while those that harvest sustainably receive no benefit from the tax system. When these flaws are remedied, a natural third step will be a shift in actual market prices that reflects the new system of financial incentives and penalties, which in turn, affects consumer behaviour.

While we live in a market economy that dominates human behaviour and policy decision-making, only decisive steps towards "full-cost accounting" can begin to protect our environment effectively. Without that step, pious admonitions to protect the environment will continue to be overwhelmed by market considerations that exclude environmental values. No matter how important we may tell students a term paper is to their education, they will ignore the admonition if we assign only 2% of their final grade to the paper. What we are really communicating to the students by not counting it, is that the term paper has no value, and they will spend all their time studying for their final exam. If we count the term paper as 50% of the final grade, they will naturally spend a lot of time on it. Similarly, both policy makers and the public will only act in defence of their environment if it is counted and valued in our core measures of progress and well being.

**In sum, a good Environment Act will explicitly:**

- call for integrated environmental-economic accounting to ensure that both natural resources and environmental quality are fully valued; and
- mandate a sustainable development strategy by each government department, to be monitored by the Auditor-General.

It should be emphasized again that both these measures have already been taken by the federal government, and an excellent precedent embodied in existing legislation therefore exists for this province. At the same time, it is recognized that the real responsibility for environmental protection in practice lies with the provinces, and that the federal initiative will have no real teeth unless the provinces adopt similar legislation.

There is no reason that Nova Scotia cannot take the lead among the provinces in taking a decisive step in this important direction, and thus set an enlightened example of effective environmental protection in practice. Indeed, the framework for these proposed amendments to the Environment Act already exists in the current legislation through the recognition of the importance of economic instruments. In fact, the two proposed amendments recommended above will enable the Department of Environment to use economic instruments far more effectively than at present, as desired in the Discussion Paper.

To repeat the fundamental point: In a market economy, effective environmental protection must be based on the actual valuation of ecological services and environmental quality, and the incorporation of these values into core measures of progress and well being. Without that step, environmental protection will always be undermined by market mechanisms that effectively count environmental degradation as economic gain, and that measure well being by the narrow gauge of material production and acquisition alone. The two amendments to the Environment Act recommended at the top of this page can begin to narrow the gap between our market values and our shared aspiration for a healthy natural world and clean environment.

GPI Atlantic commends the Environment Act Review Panel for its extensive consultation with the Nova Scotia public, and thanks the panel members for taking note of these concerns and recommendations.