

September 8, 2022

Mr. Steven Guilbeault, P.C., M.P.
Minister of Environment and Climate Change

Mr. Jonathan Wilkinson, P.C., M.P.
Minister of Natural Resources

By email: adaptation@ec.gc.ca

Dear Ministers:

Chartered Professional Accountants of Canada (CPA Canada) has had a long-standing interest in climate change adaptation and for several years called on the government to develop a national adaptation plan. We were very pleased when, in December 2020, the government announced in *A Healthy Environment and a Healthy Economy* that it would develop the country's first national adaptation strategy. This is an important initiative for preparing Canada for the inevitable effects of climate change and we are pleased to see the development of this strategy progressing nicely. Having read and considered the discussion document, *Preparing for Climate Change*, as well as the reports of the advisory tables, we would like to offer a few thoughts for your consideration.

To remind you, CPA Canada works collaboratively with the provincial, territorial and Bermudian CPA bodies, as it represents the Canadian accounting profession, both nationally and internationally. This collaboration allows the Canadian profession to champion best practices that benefit business and society, as well as prepare its members for an ever-evolving operating environment featuring unprecedented change. Representing more than 220,000 members, CPA Canada is one of the largest national accounting bodies worldwide.

As you may have heard us say before, for CPA Canada, climate change is a business issue. Canada's CPAs are business leaders and accounting and finance professionals, and they can play a key role in ensuring that the businesses and organizations they work for are resilient and prepared for climate uncertainty. As a member of Canada's Climate Change Adaptation Platform Plenary from its inception, we have also championed the role that finance plays in facilitating adaptation. It is from these perspectives that we offer the following recommendations:

- Ensure that business is a full partner in the development and implementation of the national adaptation strategy. Businesses need to be consulted in the development of the strategy and action plans, and they also need to understand the responsibilities they may be expected to take on as Canada adapts.

- Support the strategy with an ongoing series of five-year national adaptation plans that translate the strategy to actions and accountabilities.
- Amend the *Canadian Net-Zero Emissions Accountability Act* to clarify and ensure accountability for climate change adaptation and to require the development of five-year national adaptation plans.

We will briefly elaborate over the following pages.

Ensure business is included in this strategy

Climate change knows no borders, so the most important role that a national adaptation strategy (NAS) can play is to unite the various decision-makers within Canada in a common understanding of what needs to be done and the responsibilities that each party has. In other words, each level of government should be clear about how their own jurisdictional responsibilities fit into a larger whole. First Nations and Indigenous groups must be full partners in this strategy as well. However, adaptation is not solely the responsibility of governments. Businesses, civil society and individual citizens should be able to see themselves in this strategy and better understand their own roles and responsibilities. It is a matter of coordinating the decisions and actions of a multitude of independent actors.

Businesses are critical to ensuring that Canada is climate resilient, partly because the ramifications of their own vulnerabilities can impact so many other people and stakeholders. Businesses obviously play a fundamental role in Canada's economy, often extending beyond their own economic contributions to impact other businesses in their supply chains. Think, for example, of the impact a washout of a critical rail line would have on Canada's farmers, resource industries and manufacturers that depend on that rail line to deliver their goods to market. The role of businesses as employers means that their vulnerability to severe weather events could have serious financial implications for employees, their families and their communities if a facility had to cease operations for an extended period. The 2016 Fort McMurray wildfire led to more than 8.5 million work hours lost in May and June of that year, in addition to the other hardships those people faced.¹ Many businesses provide vital products or services and an interruption in their operations would have ramifications for consumers and other businesses. Consider the challenges of stocking grocery store shelves in B.C.'s Lower Mainland during the floods of 2021. For these reasons, businesses need to clearly understand how a changing climate may pose risks to their operations and, as a result, their ability to meet obligations to their customers, employees, communities, suppliers, investors and society at large.

A national adaptation strategy needs to be informed in part by the needs, concerns and interests of business. Just as importantly, the resulting strategy should lead businesses to better understand their responsibilities in considering climate risks and preparing accordingly. **A two-way dialogue between business and government is crucial to ensure that the strategy properly includes the private sector.** It is just as crucial to continue this dialogue going forward as the strategy results in climate actions over the coming decades. An ongoing established process of engagement would serve this well.

¹ Statistics Canada, *Infographic: Fort McMurray 2016 Wildfire – Economic Impact*, <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2017007-eng.htm>

The strategy needs to result in a plan

CPA Canada had for several years called on government to develop a national adaptation *plan*. The government announced it would develop a national adaptation *strategy*, leading us to wonder whether this was just a matter of semantics or whether the difference was substantive. As explained in an excellent report by the International Institute for Sustainable Development, different countries have chosen different paths ranging from just a strategy, to just a plan, and some incorporating both.² As the report noted, adaptation “is an iterative cycle of assessment, implementation, and MEL” (monitoring, evaluation and learning). That suggests that the development of a NAS is not the end of a process, but rather the beginning.

In its evaluation of the NAS development process, the Canadian Climate Institute noted that “Previous efforts to establish a national framework for adaptation policy have fallen short of what is needed to execute adaptation at the scale and speed that is needed to ensure Canada’s resilience and prosperity in the face of a changing climate.”³ They concluded that to translate the strategy to tangible action, the NAS should include an initial implementation plan covering 2023-25 followed by a comprehensive national adaptation plan (NAP) based on more fulsome coordination with other governments and stakeholders. Outcome-based NAPs should cover a five-year period, with a new NAP being developed every five years.

CPA Canada agrees with this approach. While we do not wish to prejudge the outcome of the NAS process, we anticipate the NAS will be a high-level framework that articulates how various jurisdictions will coordinate actions to prepare the country for a changing climate and identify priorities for action. **What is needed to translate this strategy into outcomes is an action plan** with a shorter horizon and clear accountabilities. The five-year NAP process would achieve this.

Build stronger connections between mitigation and adaptation, and build in accountability

The conversation around climate change adaptation tends to happen apart from the discussions of mitigation and the need to transition to a net zero emission economy. There are understandable reasons for this – some of them political, some a matter of governmental jurisdiction or departmental lines of responsibility. For effective public policy though, we need to think more holistically about climate change. We also need to think of how we will build accountability into the NAS and adaptation more broadly.

Citing various other research reports, the Government of Canada’s National Issues Report made the case for why it is important and cost effective to consider adaptation and mitigation together. It noted that if not considered together, actions to address mitigation or adaptation may unintentionally work at cross-purposes and deliver sub-optimal results. Secondly, some projects may contribute to both adaptation

² Hammill, Anne, Jo-Ellen Parry, Christian Ledwell and Angie Dazé, *Toward a National Adaptation Strategy for Canada: Key insights from global peers*, International Institute for Sustainable Development, June 2021.

³ Ness, Ryan, and Sarah Miller, *Closing Canada’s Adaptation Gap: Key elements of a National Adaptation Strategy*, Canadian Climate Institute, May 12, 2022.

and GHG emissions reductions, making them higher priority projects for financing and action than if they were evaluated against projects achieving just one or the other outcome.⁴

One way to better connect adaptation and mitigation in policymaking is to link them in the same piece of legislation. While the following recommendation goes beyond the development of the NAS, **we encourage the government to amend the *Canadian Net-Zero Emissions Accountability Act* to include the country's national adaptation goals and a process for measuring implementation and ensuring accountability. The amendments should also legislate the development of five-year national adaptation plans**, beginning with the period 2026-30 and continuing every five years. This would be a similar structure to the United Kingdom's *Climate Change Act 2008*, an approach that has led to encouraging progress so far in that country.


Next steps

The timeline for finalizing the NAS is very tight, and the process should not be held up in an attempt to achieve perfection. Yet there remain questions and some stakeholders have not been engaged. That is why five-year national adaptation plans are such an important outcome of the process. They will enable further dialogue with Canadians and will translate the NAS into short-term, achievable goals and actions. Climate change adaptation is a process that will unfold over decades. NAPs enable the long-term objectives of the NAS to be broken into manageable five-year plans of action and can help to embed adaptation into existing and ongoing government structures and processes.

Canada's Climate Change Adaptation Platform remains an important forum for continuing the adaptation dialogue across departmental and jurisdictional silos, as well as incorporating key Indigenous and private sector players. While its mandate may evolve, perhaps to support development of NAPs, **we encourage the federal government to remain committed to Canada's Climate Change Adaptation Platform** and that all relevant federal departments remain engaged.

Thank you for this opportunity to comment and for undertaking this important initiative. Should you wish further information, please contact James Richardson, Principal, Government Relations at jrichardson@cpacanada.ca.

Sincerely,



Gordon Beal, FCPA, FCA, M.Ed.
Vice-President, Research, Guidance & Support

⁴ Kovacs, P., Beal, G., Golnaraghi, M., Koval, P., McBean, G. and Li, B. (2021): Climate Disclosure, Litigation and Finance; Chapter 8 in *Canada in a Changing Climate: National Issues Report*, (ed.) F.J. Warren and N. Lulham; Government of Canada, Ottawa, Ontario. (Note for full disclosure: The signer of this letter was one of the lead authors of the cited chapter.)