

2003



Report of the
**Commissioner of the
Environment and
Sustainable Development**
to the House of Commons

Chapter 3
Sustainable Development Strategies:
Case Studies

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Chapter

3

**Sustainable Development Strategies:
Case Studies**

All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

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Sustainable Development Strategies: Case Studies

Main Points

3.1 The federal government has made many commitments on the environment and sustainable development. Making these commitments is one thing but achieving and measuring results is another. In this report, we looked at four federal departments to see if they were making progress on commitments they made to Parliament in their 2001 sustainable development strategies. These strategies are important tools that represent the objectives and action plans of departments and agencies for furthering sustainable development.

3.2 Our first case study looks at “green” funding as part of Infrastructure Canada’s \$2 billion Infrastructure Canada Program. The government intended that at least 47 percent of its funding to this Program would be directed to infrastructure that will improve the environment. Tangible environmental benefits are expected to be achieved before the Program ends. We found that many of the green projects related to potable water that are funded by the program do not have clearly defined environmental benefits. As a result, accounting for these projects as green overstates the portion of funding allocated to improving the quality of the environment. We also found that the expected or actual environmental benefits of the Program have yet to be reported to Parliament.

3.3 Two commitments made by Industry Canada that deal with eco-efficiency and environmental technologies form the second case study. These commitments are about how companies produce goods and services in a sustainable manner and how consumers use them; they are about producing less pollution and using natural resources more wisely. Industry Canada is meeting its commitments, producing a variety of information products, and providing investments to support projects in these areas. It has put in place a system to track the status of its commitments and reports on progress to senior management on a regular basis. The Department needs to improve how it measures and reports on the impact its actions are having on making Canadian industries more sustainable.

3.4 The third case study is on Human Resources Development Canada (HRDC). The Department made commitments related to the impact the Kyoto Protocol to the United-Nations Framework Convention on Climate Change will have on Canadian jobs, green employment, and the skills and knowledge required to make Canada a more sustainable society. HRDC has made limited progress on its commitments and has not put in place an effective performance measurement framework to track its own progress. This

indicates to us that the Department attaches low priority to the objective. Delays prevent Canadians from getting answers to important questions regarding sustainable development and employment issues. Lack of progress also means the Department is not identifying opportunities for changing or adjusting its existing policies and programs to further sustainable development.

3.5 Environment Canada's commitment to improve the integration of federal government programs at the community level is the fourth and final case study. A key target in this regard is the development and implementation of a federal framework that would set out the federal government's vision and strategy for making communities more sustainable. The Department will not meet this commitment by the end of its target completion date of 2003 and has not set a new deadline. Without this framework, it will not be clear where the federal government is heading in terms of helping Canadian communities become more sustainable. The Department is not managing its objective in an effective manner. Improved reporting is needed so Parliament and Canadians can know whether communities are, in fact, benefiting from better integrated programs.

Background and other observations

3.6 These case studies reveal how departments are addressing environment and sustainable development issues and the progress they are making. This includes how they are setting objectives and performance expectations, the rate at which they are implementing commitments, and how they are measuring and reporting on performance.

3.7 The case studies illustrate that sustainable development is not just about the environment, but involves important social and economic issues as well. The case studies also show that sustainable development is not just the responsibility of Environment Canada but involves all federal departments including those with social and economic mandates.

3.8 In 1995, Parliament passed amendments to the *Auditor General Act*, creating a legal requirement that the ministers and heads of 25 government departments and agencies prepare sustainable development strategies and update them at least every three years. An additional four federal organizations have voluntarily produced sustainable development strategies. The first strategies were released in December 1997, followed by a second round in February 2001.

3.9 Amendments to the *Auditor General Act* also created the position of Commissioner of the Environment and Sustainable Development. The Commissioner monitors and reports on the progress of departments and agencies toward sustainable development. The Commissioner also reports on how well federal departments and agencies are meeting the objectives and implementing the plans set out in their sustainable development strategies.

3.10 Because our observations deal with selected objectives they should not be applied to other related issues or used as a basis for drawing conclusions about overall progress toward sustainable development by the federal

government as a whole. They should also not be used to draw conclusions about matters not examined.

The departments have responded. Infrastructure Canada, Industry Canada, and Environment Canada have accepted our recommendations. Human Resources Development Canada generally agrees with our recommendation. The responses of each department, which follow the recommendations in the chapter, indicate what they plan to do.

Introduction

Reporting on progress toward sustainable development

3.11 Since 1998, the Commissioner of the Environment and Sustainable Development has produced several audits on the sustainable development strategies of federal government departments and agencies. These reports have focussed on the implementation of commitments made in the strategies, how the first-round strategies were prepared, the quality of performance reporting, and the question of whether management systems were in place to support the strategies. Past reports have also looked at the nature of the commitments made in the strategies, including the meaningfulness and measurability of the commitments.

3.12 The strategies are based on a hierarchy of commitments. The commitments include broad goals that provide an overall sense of direction. They also include objectives, targets, and actions. Objectives allow departments and agencies to translate broader goals into clearer and more concrete images of the longer-term results and outcomes they are pursuing. Targets and actions are more detailed performance expectations that represent what departments and agencies set out to achieve, especially in the short-term. One of the challenges they face in monitoring and reporting on the sustainable development strategies is the sheer volume of commitments that their strategies contain: the 1997 strategies contain approximately 3,000 commitments while the 2001 strategies, approximately 2,670 commitments.

Focus of the audit

3.13 This year we looked in depth at the results of selected departments on specific objectives from the 2001 strategies. The departments and objectives selected consist of

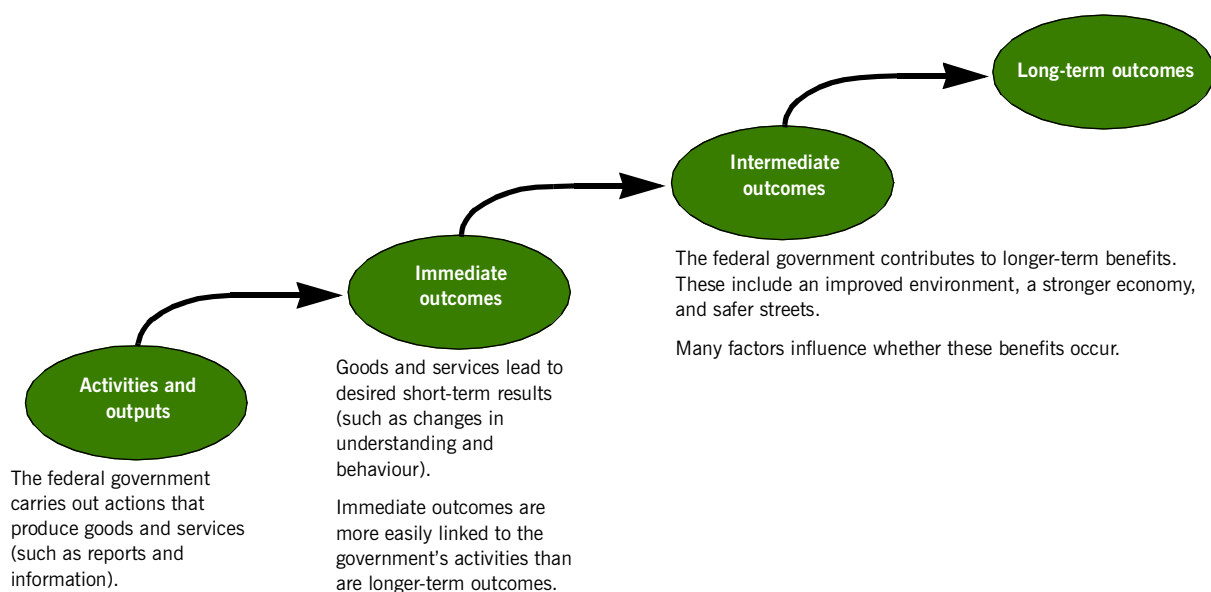
- Infrastructure Canada—improving the quality of the environment by funding infrastructure through the Infrastructure Canada Program;
- Industry Canada
 - helping Canadians, industries, and firms become better able to adopt eco-efficient practices;
 - assisting in the development and widespread use of environmental and enabling technologies;
- Human Resources Development Canada—understanding more fully what sustainable development, including issues such as climate change and green employment, means for the Department’s social policies and programs; and
- Environment Canada—promoting sustainable communities through better integration of federal programs.

3.14 We selected these objectives based on their potential impact at the local level, topics covered in past audits, and planned audits. These objectives were also selected because they represent approaches to sustainable development that combine social, economic, and environmental issues.

3.15 To determine whether departments were making progress on their objectives, we looked at whether these organizations were doing what they said they would do and the results they were achieving through those actions. We also looked at how the departments were managing their objectives: whether the objectives and performance expectations clearly state what results are to be accomplished, and whether the departments were measuring and reporting results. Results is a general term that ranges from outputs (such as products and services) to short-term and longer-term outcomes. The linkages between these types of results are often referred to as a results chain (Exhibit 3.1). Regarding the Infrastructure Canada Program, we also looked to see if the Program's objectives and design were consistent with the original objective set in the Treasury Board Secretariat of Canada's sustainable development strategy and whether it was managed to ensure the achievement of its objective. We did not, however, examine the Program from a grants and contributions perspective.

3.16 This report is presented as a series of case studies. In each case, we provide background information on the issue and the related objective(s) being examined, the results being achieved, our concerns with respect to the rate of progress and/or how the objective is being managed, conclusions, and recommendations. Exhibits are used in each case study to summarize our findings. Our reporting emphasizes the matters we considered significant within the context of each case study.

Exhibit 3.1 The results chain: From activities to outcomes



Observations and Recommendations

Funding for green infrastructure

Infrastructure Canada: Improving the quality of the environment

3.17 Infrastructure shortfall. Infrastructure refers to a range of public works and physical structures that serve the needs of Canadians. These include roads, bridges, rail and transit ways, communication networks, power generation and distribution facilities, water and wastewater systems, as well as community, cultural, and recreational facilities. Many groups and organizations have commented on Canada's growing infrastructure deficit.

3.18 Canada's increasing population is placing ever-mounting pressures on urban and rural infrastructure to support the quality of life that Canadians expect. As part of these pressures, governments face the critical challenge of making infrastructure investments that address environmental concerns and contribute to improving the quality of Canada's environment.

3.19 The federal government's response. Several federal infrastructure programs and initiatives aimed at improving the country's physical infrastructure have been launched in recent years. They have focussed on areas such as transportation, tourism, telecommunications, culture, health and safety, and the environment. As part of these initiatives, the federal government launched the Infrastructure Canada Program following a promise in the 1999 throne speech to improve physical infrastructure in urban and rural regions across the country.

A distinctly green program

3.20 A clear commitment to improve the environment. The Infrastructure Canada Program is different from most other infrastructure initiatives because it is promoted primarily as a green program. Its first priority is to improve the quality of the environment. Through this program the federal government made a clear and significant commitment to the environment, which it reaffirmed in the Treasury Board of Canada Secretariat's Sustainable Development Strategy 2001–03 (Exhibit 3.2). The Treasury Board Secretariat was responsible for the Program prior to the creation of the Infrastructure Canada department in 2002.

Exhibit 3.2 The Program's green municipal infrastructure commitment

Infrastructure Canada's first priority is green municipal infrastructure. It is estimated that at least 47 per cent of the \$2 billion federal investment will be directed to infrastructure that will improve the quality of the environment. Investments within the green envelope will include projects related to water and wastewater systems, water management, solid waste management and recycling, and capital expenditures to retrofit or improve the energy efficiency of buildings and facilities owned by local governments.

Source: Treasury Board of Canada Secretariat

3.21 How the Program works. In support of its green priority, the government stated that an estimated minimum 47 percent of the Program's \$2 billion total federal funding, or approximately \$930 million (not including administrative costs), would be targeted for investments that will improve the quality of the environment. The Program provides funding in response to requests received from municipalities and local governments for assistance with specific infrastructure projects. Projects funded under the Program's green municipal infrastructure component must fall within one of the following five project categories: water and wastewater systems, water management, solid waste management, recycling, and energy efficiency. By design, projects within these categories all count toward the Program's 47 percent green investment target. We examined whether the green component of the Program was designed and is being managed to ensure the achievement of its objective: improving the quality of the environment (Exhibit 3.3).

Exhibit 3.3 How well is Infrastructure Canada managing its objective?

What we expected	What we found
Clear results-oriented objective	The objective reflects a clear commitment to improve the quality of the environment.
Clear performance expectations and indicators	The target is clear: a minimum of 47% of total funding to be directed to improve the environment (green municipal infrastructure). The objective is supported by defined program benefits and measures. However, not all green benefits and projects clearly pertain to improving the environment.
Results measurement	A decentralized information system is set up to account and monitor project funding and benefits. Overall program benefits or results have not been compiled or made available.
Effective performance reporting	Infrastructure Canada has yet to report and account for the achievement of expected or actual environmental benefits.

3.22 A federal-provincial/territorial partnership. The federal government delivers the Program in partnership with the provinces and territories, and has ratified contribution funding agreements with each. Federal contributions normally provide 1/3 of the cost of eligible projects, with the balance of the funds matched by the provinces or territories (1/3) and the municipalities or local governments (1/3). While the provinces and territories are primarily responsible for the implementation of approved projects, joint federal-provincial or federal-territorial management committees in each jurisdiction review and select proposed projects and administer the funding agreements.

3.23 In August 2002, Infrastructure Canada was established as a distinct federal department within the Industry portfolio. It co-ordinates and manages a number of the government's infrastructure initiatives, including the Infrastructure Canada Program. It was preceded by the former National Infrastructure Office housed within the Treasury Board Secretariat. In addition, various other federal departments and agencies are responsible for the administration of the Program in different regions of the country (Exhibit 3.4), and represent the Government of Canada on the corresponding program management committees.

Exhibit 3.4 The Infrastructure Canada Program across Canada

Regional delivery agent	Area or population group covered
Western Economic Diversification	British Columbia
	Alberta
	Saskatchewan
	Manitoba
Industry Canada (Ontario region)	Ontario
Canada Economic Development—Quebec	Quebec
Atlantic Canada Opportunities Agency	New Brunswick
	Nova Scotia
	Prince Edward Island
	Newfoundland and Labrador
Indian and Northern Affairs Canada	Northwest Territories
	Yukon
	Nunavut
	First Nations

Source: Infrastructure Canada Program

Program expected to produce tangible environmental benefits

3.24 The Infrastructure Canada Program is intended to provide funding over a six-year period, from 2000–2001 to 2005–2006. In 2000, the Program's first year of operation, efforts were mainly directed at setting up the Program and negotiating the funding agreements with the provinces and territories. Also, Infrastructure Canada set up a decentralized information system to account and monitor funding and benefits across all project categories and provinces and territories. The review, selection, and approval of projects began in earnest in 2001.

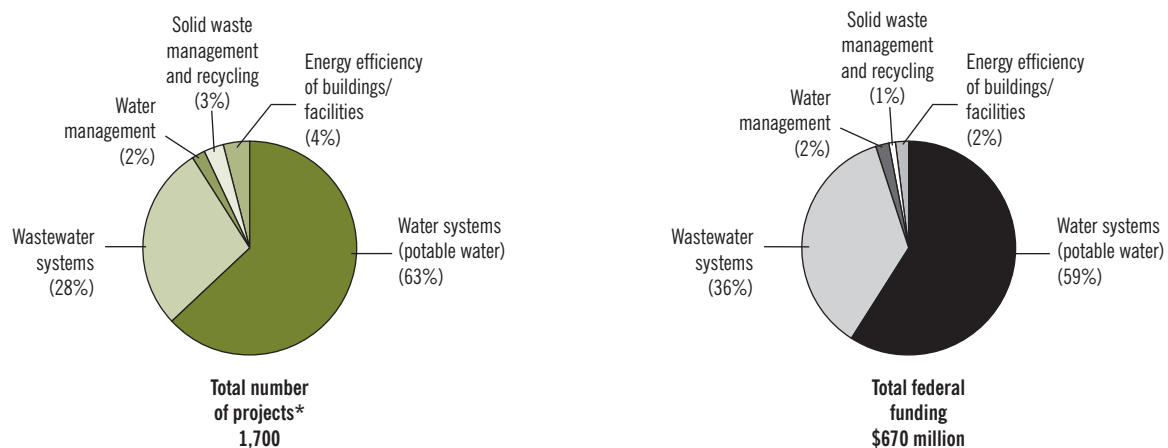
3.25 Program is well underway. Infrastructure Canada has informed us that as at 31 March 2003, approximately \$1.3 billion of total federal Program funding has been committed for 2,770 approved projects. From that total, approximately \$670 million went to 1,700 green municipal infrastructure projects (Exhibit 3.5).

3.26 According to the information provided, most of the \$930 million green investments target had been committed, based on projects approved or completed as at 31 March 2003. As well, Infrastructure Canada informed us that the remainder of the uncommitted funding will be, for the most part, allocated toward funding applications already received.

3.27 Results are defined. The Program’s expected environmental benefits or outcomes are improved water quality, improved air quality, improved water and wastewater management, improved solid waste management, and more efficient energy use. The Program has established several results measures for each of these benefits. Each project funded under the green component must identify and quantify the benefits to be achieved, according to one or more of these measures.

3.28 Tangible benefits. As an example, under the wastewater project category Infrastructure Canada indicated that an estimated 470 different projects had been approved or completed as at 31 March 2003. Of these, roughly 220 projects are expected to result in better treatment of wastewater for approximately 285,000 Canadian households (Exhibit 3.6). Another 210 projects will serve to increase the number of households connected to municipal wastewater systems (by almost 50,000). Accordingly, tangible environmental benefits are expected to be achieved before the Program ends.

Exhibit 3.5 Green projects approved or completed as at 31 March 2003



* In cases where a project covers more than one category, the project is coded under the predominant benefit.

Source: Infrastructure Canada

Exhibit 3.6 Examples of expected environmental benefits

Environmental benefit measures (expected change)	Estimated number of projects ¹	Estimated benefits expected ²
Households whose wastewater will be treated to a higher quality	220	285,000 households
Households to be connected to municipal wastewater collection and treatment systems	210	48,000 households
Decrease in municipal solid waste produced	30	30,000 tonnes per annum
Increase in solid waste diverted through recycling and composting	35	19,000 tonnes per annum

1 Estimated number of green projects approved or completed as at 31 March 2003 with the corresponding expected benefits (projects may have multiple benefits).

2 Estimated benefits expected from green projects approved or completed as at 31 March 2003.

Source: Infrastructure Canada

Environmental benefits are overstated

3.29 What is a green benefit? According to the Program, green projects result in an improvement to the quality of the environment. As part of our audit we examined the nature of the green project categories funded under the Program and their corresponding environmental benefits. Upon this review, we were satisfied that the wastewater, water management, solid waste, and energy efficiency projects would provide environmental benefits.

3.30 Do potable water projects provide environmental benefits? Our chief concern arose from the classification of potable water projects (which are part of the water systems category) as green. To be clear, we do not dispute the need and importance of potable water. Potable water projects produce essential human health and quality of life benefits. However we were not provided with sufficient evidence to indicate that in most instances they provide significant environmental benefits.

3.31 We reviewed various authoritative sources and consulted with professionals. Overwhelming evidence confirms that the primary goal of potable water projects is to promote public health and well-being and not to improve the quality of ecosystems or to otherwise solve environmental problems. We observed a lack of evidence to support the claim that the treatment, storage, or delivery of potable water usually provides notable environmental benefits. One environmental benefit that is associated with potable water projects deals with water conservation. For example, some potable water projects can result in a decrease in water lost either through leakage or through inefficient treatment operations.

3.32 There are a variety of potable water projects funded under the Program, such as enhancements to treatment processes or technologies,

maintenance of water storage or delivery systems, increases in water treatment and delivery capacity, treatment plant retrofits, changes in water supply sources, and new treatment plants and facilities. These water projects are more commonly associated with water demand and consumption. According to the information provided, only a small portion of potable water projects funded address water conservation issues.

3.33 Unclear environmental benefits. More importantly, Infrastructure Canada has not been able to demonstrate how potable water projects as a whole significantly contribute to improving the quality of the environment. The results measures utilized for these projects gauge, mainly, increased treatment capacity, access to, or quality of potable water, and do not reflect any noteworthy environmental advantage. As well, there is seldom any explicit description or documentation readily available to indicate how individual projects improve the quality of the environment.

3.34 We also examined the program's design and the rationale initially used to define green project categories and benefits. We expected to find a documented process and analysis supporting the inclusion of the five green project categories and their associated benefits. We were not provided with sufficient evidence that the government properly considered and defined what constitutes an environmental benefit when designing the Program.

3.35 The water systems category accounts for the largest portion of the Program's green funding. Infrastructure Canada estimates most of the green funding committed as at 31 March 2003 (roughly \$400 million) is for these types of projects. As a result, accounting for potable water projects under this category toward the green municipal infrastructure component overstates the portion of funding allocated to improving the environment. It also misrepresents the environmental benefits being achieved.

3.36 Target may not be reached. While the Infrastructure Canada Program will produce important benefits, the design of the Program falls short of ensuring that all green projects meet the Program's first priority—improving the quality of the environment. Accordingly, it is not clear whether the minimum target of 47 percent of funding directed to improving the environment will be met, if projects in the water systems project category that do not have clearly demonstrated environmental benefits were excluded from the Program's green municipal infrastructure component.

Management framework not fully implemented

3.37 Sound management framework. In 2002, the Office of the Auditor General audited the Infrastructure Canada Program as part of its examination of new collaborative governance arrangements. The Office found that the Program's governance and accountability framework had improved from that of the earlier Canada Infrastructure Works Program, that it had established a clear accountability structure, and that the Program had incorporated most of the recommendations of previous audits of the Canada Infrastructure Works Program. These findings were based on an examination of the overall design

and framework of the Program, and not on an audit of program operations or project funding.

3.38 The design of the Infrastructure Canada Program management and accountability framework is important because it determines the government's ability to manage and account for the Program's environmental results and commitment. We examined selected elements of the Program's management framework—defined roles and responsibilities, defined terms and conditions of funding agreements, program monitoring and reporting requirements, provisions for evaluations and periodic audits, and reporting of program performance. In the three years since the government launched the Infrastructure Canada Program, the Department has made significant progress establishing the major components of its overall management framework.

3.39 Further progress required. We found that not all the management framework's requirements and features were fully implemented. Infrastructure Canada has commented that progress in certain areas has been delayed due to the restructuring that resulted from the creation of the Department. Nonetheless, further progress is required:

- The contribution agreements require that the program management committees in each jurisdiction submit annual audit plans as well as annual audit reports. Although the Program began in earnest in 2001, at the time this Report was being prepared, only six provinces/territories had submitted audit plans and three provinces had submitted audit reports.
- Infrastructure Canada is responsible for monitoring performance both on a provincial/territorial basis as well as on the overall Program. To date, efforts in these areas have been limited.
- The Minister responsible for Infrastructure reports to Parliament on the Infrastructure Canada Program's overall objectives and results. Our review of key accountability documents, such as the departmental performance reports and the reports on plans and priorities, showed that the Program's expected or actual environmental benefits have yet to be reported to Parliament.

Case study conclusion

3.40 Infrastructure Canada is investing in infrastructure that will benefit the environment. A number of projects have begun and are expected to generate environmental benefits. That said, we found that expected environmental results are overstated. We observed that a large portion of the green municipal infrastructure projects (those dealing with potable water) do not have clearly defined environmental benefits. The key challenges for the Department will be to ensure that environmental investments and benefits are fairly represented, and that when similar programs are developed in the future, proper considerations and definitions of environmental benefits are incorporated into their design.

3.41 Important implications for the future. Despite our concerns with aspects of the design of the Program, we recognize the Infrastructure Canada Program is well underway and that it may not be feasible at this stage to significantly change the design and delivery of the Program. However we do feel that the Department can ensure that its reporting of environmental benefits is fair and accurate.

3.42 Recommendation. When reporting on the environmental performance of the Infrastructure Canada Program, Infrastructure Canada should ensure that environmental benefits are not overstated or otherwise misrepresented. In other words, only projects with demonstrated environmental benefits should be reported as contributing to the federal government’s commitment of improving the quality of the environment through infrastructure funding.

Department’s response. Infrastructure Canada accepts this recommendation. Project priorities for Infrastructure Canada and its partners include projects that improve the quality of the physical environment as well as providing essential human health and quality of life benefits, such as potable water. The use of the term “green infrastructure” was intended to cover this broad definition. Infrastructure Canada will work with its partners to encourage reporting on project benefits that clearly distinguishes between quality of the physical environment benefits versus quality of life or other benefits.

3.43 A bigger issue is how the federal government will define green projects and account for environmental benefits in future programs of this type. We foresee similar challenges in the future regarding how the government defines projects that contribute to Canada’s sustainability and accounts for sustainability benefits.

3.44 Recommendation. In future programs of this type, Infrastructure Canada should document how it defines green projects and related environmental benefits and ensure that these are incorporated into the design and implementation of the program.

Department’s response. Infrastructure Canada accepts this recommendation. Infrastructure Canada will ensure that it clearly documents how it defines green projects in future programs. This documentation will be included in policy and program approvals. Infrastructure Canada will also work with its delivery partners on future reporting of benefits to distinguish between quality of the physical environment benefits, quality of life benefits, and other related benefits.

Eco-efficiency

Industry Canada: Linking the environment and the economy

3.45 The economic and environmental performance of industry plays an important role in the sustainability of Canada. How companies produce goods and services—and how consumers use them—influences a wide variety of factors from natural resources through to pollution levels. Are Canadian companies aware of and adopting leading-edge environmental practices? Are companies producing less pollution than they used to? Are they using natural

resources more wisely? Do consumers understand environmental labelling? Are consumers making more sustainable choices?

Eco-efficient—An improvement to the design and delivery of products and services that uses fewer natural resources and produces less pollution.

3.46 Industry Canada's commitments. In its 2001 sustainable development strategy, Industry Canada set an objective aimed at enhancing the capacity of Canadians, industries, and firms to develop and use **eco-efficient** practices, tools, technologies, and products that contribute to increased productivity and enhanced environmental performance. They also committed to facilitate the development and adoption of environmental and enabling technologies that produce long-term economic and environmental benefits. These objectives are the focus of this case study (Exhibit 3.7).

Exhibit 3.7 How well is Industry Canada managing its objective?

What we expected	What we found
Clear results-oriented objectives	The objectives are relevant and support the mandate of Industry Canada. Longer-term outcomes (increased productivity, long-term economic benefits, and environmental benefits) are identified in objectives.
Clear performance expectations and indicators	Targets in the strategy focus on completing action items. Performance indicators largely relate to number of activities undertaken and products produced. Targets and performance indicators need to better communicate the specific types of economic and environmental benefits being pursued by the Department. Action items provide reasonable description of what is being undertaken.
Results measurement	Status of action items and deliverables is being tracked. Evaluation of the 2001 strategy was recently completed. Topics covered included relevancy of the strategy, lessons learned, and achievements to date. Evaluation is planned for 2006 that would examine success in achieving the strategy's objectives. Some examples of results of action items being measured, however results measurement is not systematic across all action items.
Effective performance reporting	Industry Canada posts the status of its 2001 action items on its Web site (www.ic.gc.ca). Status of action items and description of selected accomplishments reported twice annually to the Deputy Minister as well as to committees at the Assistant Deputy Minister and Director General levels. Summary of progress is available in the Department's annual performance report.

3.47 Producing more with less. By identifying ways to make the most of resources and reducing wastes and pollution, eco-efficiency can be a tool for improving productivity and environmental performance as well as a driver of innovation. Eco-efficient practices can benefit businesses by

- improving productivity,
- reducing per-unit production costs,
- improving product or service quality,
- improving product durability,
- enhancing their image, and
- reducing environmental liabilities.

3.48 Eco-efficiency can also produce environmental benefits, such as

- reduced use of energy and materials,
- reduced solid and hazardous wastes,
- reduced water use and wastewater discharge,
- reduced greenhouse gas emissions, and
- increased recycling of materials.

3.49 Environmental technologies are aimed at preventing and controlling pollution, cleaning up and restoring the environment, increasing resource efficiency, analyzing environmental impacts, and monitoring pollution. Environmental technologies can result in many of the same benefits as eco-efficiency. In addition, sales and exports of environmental technologies can lead to revenues for Canadian companies and jobs for individual Canadians.

3.50 Both eco-efficiency and environmental technologies reflect federal government priorities and are related to the concepts of corporate sustainability and sustainable consumption and production.

Sustainable development strategy being implemented

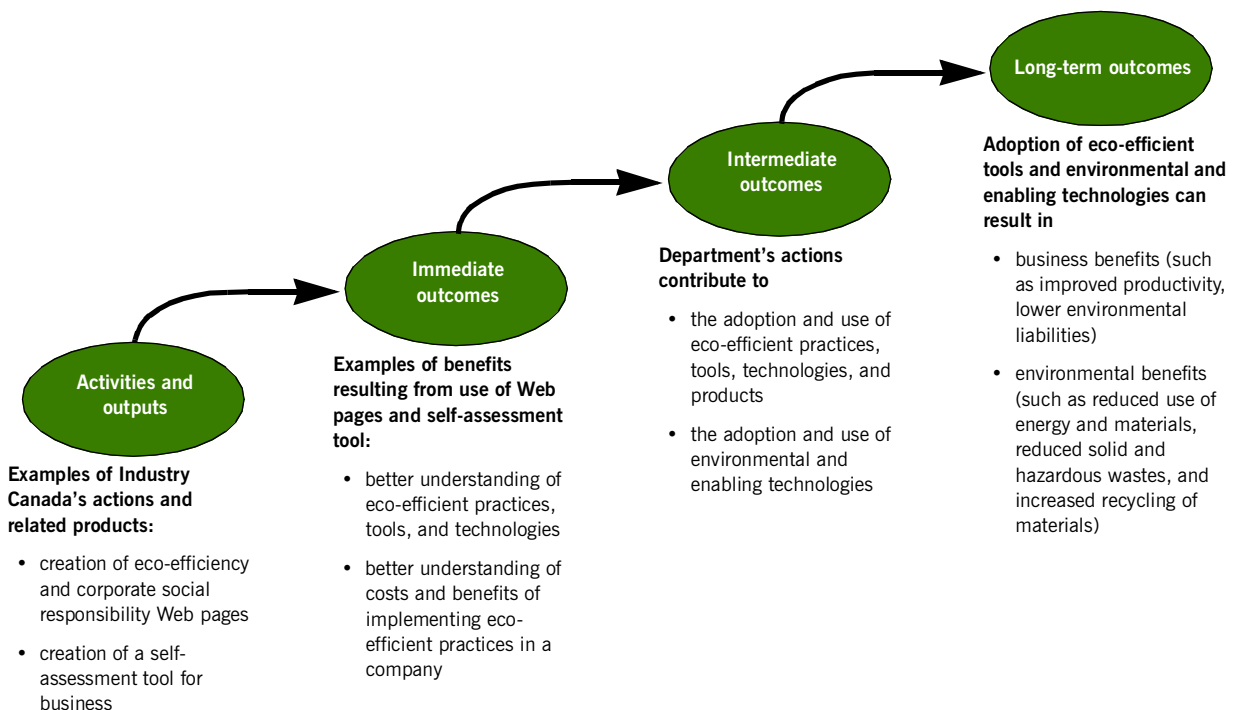
3.51 In its strategy, Industry Canada committed to completing by 2003, 18 action items that support eco-efficiency and 19 action items that support environmental technologies. Since the strategy was produced, the Department has added two eco-efficiency action items. As of the spring of 2003, the Department reported making progress on all its action items, completing 12 of 20 eco-efficiency action items and 9 of 19 environmental technology action items. Industry Canada reports that the majority of the action items not yet completed are at least 70 percent complete. The Department has put in place a good system to track the status of its action items and reports on progress to senior management on a regular basis.

3.52 Industry Canada's action items range from small projects to multi-million dollar programs. Many of the action items are foundation building and focus on providing information products to industries and financial contributions and non-financial support (such as advice) to projects. The action items include activities that were ongoing before the 2001 strategy was put in place while others are new initiatives. The activities typically involve

working with other organizations (such as Natural Resources Canada and Environment Canada).

3.53 Examples of eco-efficiency actions and achievements. Since tabling its strategy in February 2001, the Department has created several information products, including Web pages that are related to eco-efficiency and corporate social responsibility. The Department also created an eco-efficiency self-assessment tool for business. These types of products are aimed at increasing understanding of eco-efficiency in the short-term, and in the longer-term, adoption within companies (Exhibit 3.8). Industry Canada has co-delivered two workshops on building sustainable enterprises, covering eco-efficiency tools for business, such as design for the environment, supply chain management, eco-indicators, environmental reporting, life-cycle management, and environmental management systems. The Department has also contributed to a study covering a number of issues including environmental labelling. In the fall of 2002, the Department added a new action item to its strategy: contributing to the development of a national recycling program for products such as computers and televisions.

Exhibit 3.8 Eco-efficiency and environmental technologies results chain: From activities to outcomes



Source: Adapted from Industry Canada, Sustainable Development Strategy

Biomass—An organic, non-fossilized material that can be used as fuel. Examples include wood chips and corn.

3.54 Examples of environmental technology actions and achievements.

The Department's Technology Partnerships Canada program invests in Canadian companies developing, among other things, environmental technologies and enabling technologies. Examples of enabling technologies include advanced manufacturing techniques and materials that enable companies to produce higher quality and more durable products. The Department has also been involved in the development of industry-led technology strategies (called technology road maps) that identify new technologies, skills, and competencies required to meet future market demands. By the end of 2004, the road maps are expected to be developed in areas such as sustainable fuels and chemicals from biomass, fuel cells, and clean coal. In addition, the Department has been implementing the Sustainable Cities Initiative. Covering cities in developing and emerging economies, this initiative is aimed at improving access to foreign markets for Canadian companies that offer technologies and services in areas such as waste management, energy, and transportation.

3.55 Improved integration of sustainable development. Sustainable development is now included as part of the Department's priorities; along with issues such as trade, investment, and innovation, sustainable development is identified as a core priority. Increased development and application of eco-efficient practices and technologies is one of the Department's commitments under its goal of improving innovation in Canada.

Results measurement and reporting need improvement

3.56 Measuring outcomes. Industry Canada's actions and achievements form the foundation for achieving outcomes. Opportunities exist to improve results information related to these outcomes on two levels. The first level deals with measuring short-term outcomes, particularly those related to the Department's information products. For example, how many companies are using the Department's products? What sectors of the economy do they represent? Are clients satisfied? Are the Department's products meeting their needs? Do companies better understand eco-efficient practices and opportunities related to environmental technologies and are consumers better informed as a result of the Department's activities? In short, what impact are Industry Canada's actions having? While the Department can provide answers to some of these questions, additional progress on results information is needed. In addition to indicating what impact the Department's products are having, this type of information is also useful for determining how existing products could be improved and whether new actions should be pursued.

3.57 The second and most important level relates to intermediate and longer-term outcomes and whether industry and consumer practices are becoming more sustainable. For example, to what extent are Canadian businesses adopting eco-efficient practices and environmental technologies?

How is the adoption of these practices and technologies changing over time and by industry sector? To what extent are Canadian companies

- achieving economic benefits, such as improved productivity, by using eco-efficient practices,
- using fewer resources and materials and producing less pollution,
- increasing material recyclability, and
- maximizing the use of renewable resources?

Are consumer behaviours and practices becoming more sustainable?

3.58 Incomplete answers. Industry Canada has contributed to surveys and case studies that have examined the use of eco-efficient practices and environmental technologies. Improvements have been made in terms of collecting information on intermediate and longer-term outcomes, but information gaps exist. There is also a need for more comprehensive reporting on those types of questions.

3.59 An important challenge for Industry Canada is to go beyond the completion of action items and measure the longer-term outcomes to which these actions contribute. Assessing the Department's contribution is especially challenging given that several factors influence the achievement of intermediate and longer-term outcomes. Industry Canada has concluded that it needs to assess its contributions toward potential long-term benefits and progress on mid- to long-term results (for example, five to ten years and beyond). To address these issues the Department is planning an evaluation for 2006 that would assess the long-term impacts of its sustainable development strategies.

3.60 Reporting needs to go beyond the status of action items. Current progress reporting indicates the status of the Department's action items and provides examples of selected achievements involving the Department. Reporting that goes beyond the status of these action items to include information on short-term outcomes (such as who is using the Department's products and services and how well the products are meeting the needs of these clients) and contributions to longer-term results would provide senior management and the public with a better understanding of the results the Department is achieving. The strategy identifies performance measures such as the number of projects funded, reports produced, and workshops and tools developed. However current reporting does not provide summary-level information on these performance measures.

3.61 Pulling it all together. Industry Canada has recently developed a draft results chain for its 2001 sustainable development strategy and a draft template for describing the action items the Department is considering for its 2003 sustainable development strategy. The template is aimed at developing more results-oriented objectives and targets, while serving as a guide for measuring and reporting results. For example, for a topic such as corporate sustainability reporting, the template would outline desired results (increase in the quantity of corporate sustainability reporting from Canadian

industry), outputs (reporting toolkits, Web sites, and workshops), performance indicators, and timelines. We expect the department to use these tools when developing its next sustainable development strategy.

Case study conclusion

3.62 Industry Canada is making progress toward its stated objectives. It is meeting its commitments in its sustainable development strategy and has put in place a good system for tracking the status of its commitments. We are encouraged by the Department's actions and how it is integrating eco-efficiency and environmental technologies into its priorities and planning documents. The future challenge for the Department will be to measure and report on the impact of its actions on Canadians, industries, and firms. This would allow the Department to provide a more complete picture of the value for money it is providing to Canadians.

3.63 Recommendation. For its 2003–2004 departmental performance report and future internal progress reports, Industry Canada should expand its reporting to include information on results such as the use, satisfaction, and impact of its products and services.

Department's response. Industry Canada accepts this recommendation. Industry Canada continues to be committed to modern comptrollership initiatives including expanding and enhancing the reporting of results in its Departmental Performance Report (DPR). With respect to sustainable development (SD) specifically, the 2002–2003 report, and future reports, will follow the Treasury Board Secretariat's guidelines for reporting on SD. The DPR will also provide a link to the Department's SD Web site to facilitate access to more detailed results information on the progress of the SD action items.

Industry Canada is redesigning its template for developing action items for its 2003 SD strategy to facilitate expanded and enhanced reporting of SD results. An initial step is to modify the Department's on-line SD reporting system to enable better reporting of the results achieved for each action item. This is targeted for completion in 2004–2005 and will support improved SD performance reporting in future DPRs, in internal progress reports to senior management, and on the Department's SD Web site.

3.64 The Department is planning an evaluation for 2006 that would examine the Department's success in achieving its objectives related to eco-efficiency and environmental technologies. At the same time, it is important that the Department provide an overall picture of progress regarding the adoption of eco-efficient tools and environmental technologies, longer-term economic and environmental benefits, trend information, and information gaps.

3.65 Recommendation. As part of its evaluation in 2006, Industry Canada should produce a consolidated report on the adoption of, and the economic and environmental benefits associated with, eco-efficiency and environmental technologies in Canada. This report should include a discussion on information gaps that exist and how they could be addressed.

Department's response. Industry Canada accepts this recommendation. Industry Canada intends to conduct an evaluation in 2006–2007 to measure the cumulative impacts of its three strategies—SDS I, SDS II and SDS III. It will seek to assess progress towards near-term and longer-term outcomes related to the adoption of, and benefits associated with, eco-efficiency and environmental technologies.

As part of a consolidated progress report on eco-efficiency and environmental technologies to be included in the evaluation, efforts will also be made to include a discussion on information gaps that exist and how they could be addressed. To assist in this process, Industry Canada will consult with key departments and agencies involved in the collection and publication of data on environmental technologies and eco-efficiency performance indicators.

Green employment

Human Resources Development Canada: The nature of employment in the future

3.66 What will the Kyoto Protocol to the United-Nations Framework Convention on Climate Change mean for Canada's labour market? What is green employment and how can its growth be promoted over the longer term? What are the sustainable development-related knowledge and skill needs in our economy? These are important questions that integrate social, economic, and environmental issues; answers to which could help prepare Canada for the shift toward a more sustainable society.

3.67 Human Resources Development Canada's commitment. In its 2001 sustainable development strategy, Human Resources Development Canada (HRDC) set an objective with commitments that address the questions presented above. That objective is intended to help lay a foundation for the continued integration of sustainable development into HRDC's activities. HRDC's progress on this objective is the focus of this case study (Exhibit 3.9).

Exhibit 3.9 How well is Human Resources Development Canada managing its objective?

What we expected	What we found
Clear results-oriented objective	Objective indicates what HRDC is trying to achieve in the short-term. Expected longer-term outcomes will not be known until this foundation-building work is completed.
Clear performance expectations and indicators	Targets are clear with deadlines. They are an improvement over the Department's 1997 sustainable development strategy. Output-based performance indicators have been set. As this foundation-building work is completed we expect outcome indicators will be developed.
Results measurement	No results to be measured. Performance measurement framework for policy commitments not fully implemented.
Effective performance reporting	No results to report. Recent public reporting reasonably transparent on delays.

Disappointing progress

3.68 HRDC has made disappointing progress in achieving results on the commitments it has made (Exhibit 3.10).

Exhibit 3.10 Progress on Human Resource Development Canada's sustainable development objective

Objective: To begin building a better understanding of sustainable development-related issues of particular interest to HRDC and their implications for social policy and programs

Targets	Status
Explore the labour market and social adjustment issues related to the Kyoto Protocol and other possible interventions over the longer term to address climate change/global warming. Produce research study by 31 March 2002.	Preliminary qualitative work undertaken. Department considers target as being met.
Investigate the concept of green employment, its broad implications for social policy, and ways in which its growth could be promoted or enhanced over the longer term. Produce research study by 31 October 2002.	Terms of reference established. Deadline extended until November 2003.
From a program perspective, review how HRDC's existing programs might foster the development and growth of green employment in Canada. Complete review by 31 December 2002.	Deferred pending completion of study on green employment.
Assess overall sustainable development-related knowledge/skill needs in the economy over the medium term and how these might be better incorporated into HRDC's sectoral human resources programs and strategies. Complete assessment by 30 November 2002.	Deferred pending completion of study on green employment. Deadline extended until November 2003.
Explore ways in which HRDC could better promote and foster the shift to sustainable development in Canada over the longer term. Initiate by 1 May 2003.	Start-up date outside the time period covered by our audit.

Source: Human Resources Development Canada

3.69 Preliminary report on the Kyoto Protocol prepared. HRDC's commitment to research the labour market and social adjustment issues related to the Kyoto Protocol is timely, given Canada's recent ratification of the Protocol. At the time of this audit, HRDC had prepared only a qualitative report on this topic which has not been made publicly available. This report identified sectors in the economy that could be affected by implementing the Kyoto Protocol. The report also examined possible pressures on skill requirements and training needs. It is noted in the report that a more exhaustive study on the impact of the Kyoto Protocol was to be completed. This has not been done. According to HRDC, it is now going to use the cost impact data contained in the November 2002 Climate Change Plan for Canada in place of this more exhaustive study, and considers its target as

being met. The Department has not indicated how it is going to act on the information contained in either the preliminary study it undertook or the Climate Change Plan for Canada.

3.70 Commitments related to the concept of green employment and sustainable development-related knowledge and skill needs in the economy have not yet been fulfilled. HRDC has extended its deadlines for this work to November 2003. Department officials explained that until HRDC further explores and defines the concept of green employment, additional progress will be limited.

3.71 Rate of progress is unsatisfactory. We are not satisfied with the Department's rate of progress on its objective, especially given the foundation-building nature of the commitments and the fact that this is the Department's second strategy. Delays mean that Canadians are not getting answers to important questions regarding sustainable development and employment issues. HRDC is failing to identify opportunities for changing or adjusting its existing policies and programs to further sustainable development.

Basic management practices missing

3.72 HRDC committed to establishing a performance measurement framework for its strategy to understand and improve its performance against its sustainable development objectives. The framework was to have outlined roles and responsibilities for implementing commitments, performance expectations, and procedures for reporting and review. Department officials inform us that while elements have been implemented, the framework is not complete.

3.73 The lack of progress on the Department's objective and its associated targets means that there is little to report in terms of short- or longer-term outcomes. The Department's most recent performance report and report on plans and priorities are reasonably transparent with respect to informing Parliament and the public of its decision to extend its deadlines; however, these documents do not make clear the status of the research study on the labour market implications of the Kyoto Protocol. Limited internal progress reporting to senior management is occurring. The Department needs to improve this reporting so that managers can follow the rate of progress on sustainable development objectives.

3.74 In 2001, we reported that HRDC was one of several departments and agencies that had more than one shortcoming related to its ability to measure and report on performance, review current practices, and guide improvement. We are concerned with the Department's lack of progress on how it manages its objective.

3.75 Connecting the Department's activities and its sustainable development strategy. HRDC indicated that outside its sustainable development strategy, the Department is also contributing to Canada's sustainability. We take at face value (but did not audit) HRDC's claim that it is engaged in programs and initiatives that contribute to making Canada

more sustainable. However the objectives of these programs and initiatives are not included in the Department's sustainable development strategy. This raises concerns: how complete is the strategy and how well connected is the strategy to the Department's activities?

Case study conclusion

3.76 HRDC has made important and timely commitments but little progress in fulfilling them. Nor has it put in place an effective performance measurement framework to track its own progress. This indicates to us that the Department attaches low priority to this objective. HRDC needs to fulfill its commitments, measure results, and report on progress.

3.77 Recommendation. By the end of the 2003–2004 fiscal year, HRDC should develop and implement its performance measurement framework to support its sustainable development objectives, especially those related to social policies and programs. This framework should include a results chain that links its short-term activities and outputs with long-term outcomes. Also in its next sustainable development strategy, HRDC should

- indicate how it plans to use the information it is collecting on topics such as the labour market and social adjustments issues related to the Kyoto Protocol and green employment,
- better integrate its strategy with the other sustainable development-related activities it is undertaking.

Department's response. HRDC has been setting targets and measuring program effectiveness and impacts in the context of environmental sustainability, quality of life, and greening the Department's activities for several years. HRDC agrees that further actions to establish a more formal performance measurement framework will continue with oversight provided by an internal working group specific to the sustainable development strategy. The group will identify areas to improve tracking, measuring, and reporting the Department's progress on its sustainable development commitments especially in areas related to social policy and programs.

Regarding the use of information on subjects like the Kyoto Protocol and green employment, HRDC as a matter of course uses its research findings to interpret and react to social and labour market adjustments through its policies and programs. For the Kyoto Protocol, the Climate Change Plan for Canada was established as the Government of Canada's response.

HRDC agrees with the Commissioner's recommendation to clarify the linkages between key departmental activities and sustainable development, and is undertaking this as part of the preparation for, and ongoing work associated with the third sustainable development strategy.

Making communities more sustainable

Environment Canada: Working to maximize the impact of federal programs at the community level

3.78 Several federal government departments and agencies simultaneously deliver programs and services in local communities. Various stakeholders have identified a lack of co-ordination among federal programs as a barrier to making communities more sustainable. How is this barrier being addressed? Are improvements being made in the delivery of federal programs? Are Canadian citizens getting more co-ordinated, efficient, and effective services?

3.79 Environment Canada's commitment. In its 2001 sustainable development strategy, Environment Canada set an objective to better integrate, by the end of 2003, the delivery of individual federal programs at the community level (Exhibit 3.11). The Department intended to maximize the programs' environmental, social, and economic impacts. Several targets support this objective including the development and implementation of a federal framework for sustainable communities. That objective is the focus of this case study; it is one of several objectives in Environment Canada's strategy related to the broader goal of helping Canadian communities become more sustainable.

Exhibit 3.11 How well is Environment Canada managing its objective?

What we expected	What we found
Clear results-oriented objective	<p>Consultations done by the Department indicate that better co-ordination and integration is relevant and meaningful.</p> <p>Not clear what the scope of the objective is nor what results the Department wants to accomplish through better integration.</p>
Clear performance expectations and indicators	<p>Targets vary in how clearly they are stated.</p> <p>The extent of progress Environment Canada wants to achieve is not clear.</p>
Results measurement	<p>No results measurement at level of the objective.</p> <p>The Habitat Stewardship Program for Species at Risk has developed a results-based management accountability framework that identifies expected results and performance indicators.</p>
Effective performance reporting	<p>Reporting is focussed on anecdotal progress on targets. No reporting at the level of the objective.</p>

Mixed results

3.80 Efforts aimed at better co-ordination underway. Several targets are underway that are aimed at co-ordinating federal programming at the community level (Exhibit 3.12).

Exhibit 3.12 Progress on Environment Canada's sustainable development objective

Objective: The delivery of individual federal programs is better integrated at the community level in order to maximize their impact in meeting environmental, social and economic goals (to be achieved by December 2003)

Targets	Status
Develop and implement, with partners, a federal framework on sustainable communities.	Consultations have been undertaken and a discussion paper on sustainable communities was prepared for the 2002 World Summit on Sustainable Development. Department does not expect target to be met until after March 2004.
Explore the feasibility, with partners, of applying a sustainable communities approach through selected pilot projects (including those with Aboriginal communities), using federal councils as a catalyst where appropriate.	Federal councils in provinces such as Nova Scotia, Quebec, Ontario, and Manitoba have been involved in activities supporting sustainable development and better integration of federal programming. Regional activities related to sustainable development and integration are also taking place outside of the councils.
Develop and implement Government On-Line projects to support the delivery of sustainable community initiatives and related federal programming.	Government of Canada Web site (Canada Site) provides the general public access to federal government information on the environment and sustainable development (www.environmentandresources.ca). Environment Canada's Urban Pilots initiative is currently in the early stages of determining how to build in a community focus. One element is a Government On-Line project dealing with program and service delivery mechanisms.
Implement the Habitat Stewardship Program for Species at Risk nationally through partnerships, and co-ordinate and integrate with other similar programs by 2002.	The \$45 million Habitat Stewardship Program for Species at Risk, delivered co-operatively by Environment Canada, Parks Canada, and Fisheries and Oceans Canada, was launched in 2000. Co-ordination and integration are being achieved through this Program. Environment Canada also involved in the creation of Canada's Stewardship Agenda, a federal-provincial/territorial initiative aimed at improving co-ordination and co-operation among habitat stewardship programs across Canada.

Source: Environment Canada

3.81 Implementation of federal framework on sustainable communities delayed. The goal of making communities more sustainable involves many different federal departments and agencies. One of the targets Environment Canada is pursuing with other federal government departments is the development and implementation of a federal framework on sustainable communities. Important foundation-building work, the purpose of this framework is to describe the federal government's vision, guiding principles, and strategic approach regarding sustainable communities. Another purpose of the framework is to outline tools that can be used to make communities more sustainable, and to establish a process for evaluation and reporting.

3.82 Progress on the federal framework for sustainable communities has stalled. Department officials informed us that one reason for this is that they have shifted resources to other initiatives related to sustainable communities. The deadline for implementing the framework was originally the end of 2003 but was extended to the end of March 2004. The Department now advises that it will not meet that deadline and has yet to set a new date for implementing the framework. Without this framework, it will not be clear where the federal government is heading regarding sustainable communities.

Performance expectations need to be clarified

3.83 It is not clear what results and outcomes Environment Canada is trying to achieve through better integration. The scope of the objective and the extent of the progress the Department is trying to achieve are also not clear. For example, while the objective is to better integrate programs, the Department does not have a list of federal government programs that could be targeted for integration. There is no indication how many pilot projects related to applying a sustainable communities approach the Department hopes to explore. There is also no indication of the type and number of Government On-Line projects (an initiative aimed at providing access to government information and services through the Internet) it hopes to develop and implement. Clear performance expectations are important for measuring progress and determining if the activities underway and related progress are reasonable.

Results measurement not taking place

3.84 Environment Canada's sustainable development strategy identifies two performance indicators related to the question of better integration of federal programs: level of satisfaction of users with various community-based products and services; and scope and number of community partnerships for sustainable development that actively engage Environment Canada. These are a limited number of indicators. However measuring these indicators would provide information on the short-term results related to the Department's objective; the Department informed us that it is not currently tracking these measures. Environment Canada needs indicators that better reflect the longer-term outcomes being pursued.

Reporting needs to focus more on results

3.85 Environment Canada's current reporting on its sustainable development strategy provides anecdotal information on actions taking place on the integration of federal programs. There is little reporting on the extent to which targets are being met, the progress made on the objective as a whole, and the outcomes achieved. The Department told us that it may attempt to report at the level of objectives in its next departmental performance report.

Accountability a question mark

3.86 The Department is pursuing targets that involve several branches in both its headquarters and regional offices. Effective management of the objective requires clear accountabilities so that actions get taken and the results of these actions get rolled-up across the Department. In the case of the specific commitments related to pilot projects involving federal councils, and the Government On-Line project we have examined, it was not clear who at Environment Canada was responsible for making sure progress was made, measured, and reported. In addition, no one was responsible for gathering the information on individual commitments to help determine the overall progress being achieved.

Case study conclusion

3.87 Actions on the Department's commitments have begun. Environment Canada needs to be clearer on the results and outcomes it is trying to achieve through better integration. The Department is not managing its objective in an effective manner. The key challenge for Environment Canada will be to adopt a results-based management approach for its objective by establishing better performance expectations and by better measuring and reporting on the results it is getting from its integration efforts.

3.88 Recommendation. In its next sustainable development strategy, Environment Canada should establish clear performance expectations and accountabilities for its objective to integrate federal programs at the community level. The Department should use a results chain to link the activities it is undertaking with the longer-term outcomes it is pursuing. Beginning with its 2003-2004 departmental performance report, it should also measure and report on progress it is making on the objective as a whole, and the outcomes it is achieving.

Department's response. Environment Canada accepts this recommendation. Environment Canada accepts that its next sustainable development strategy should establish clearer performance expectations and accountabilities, and that reporting on progress should be focussed on meaningful outcomes. These are areas for improvement that we will address as we update our sustainable development strategy for 2004–2006. An important aspect of this updating process will include an assessment of the commitments in the current strategy, including objectives related to sustainable communities.

Conclusion

3.89 We observed varying degrees of progress being made in support of the sustainable development objectives covered in this report's case studies. In terms of how the departments are managing the objectives, our findings reflect many of the same conclusions made in the past by the Commissioner of the Environment and Sustainable Development:

- objectives and related performance expectations need to be clearer, more concrete, and results-oriented;
- results—especially outcomes—need to be more systematically measured; and
- performance reporting needs to be improved.

3.90 The context surrounding each objective we examined differs and for this reason we did not try to make comparisons between each case study. However the case studies are quite revealing in terms of how departments are addressing environment and sustainable development issues and the progress they are making. This includes how they are setting objectives and performance expectations, the rate at which they are implementing commitments, and how they are measuring and reporting performance.

3.91 These case studies illustrate that sustainable development is not just about the environment, but involves important social and economic issues as well. The case studies also illustrate that sustainable development is not just the responsibility of Environment Canada but involves all federal departments including those with social and economic mandates.

3.92 Sustainable development objectives are typically long-term and can require many years to achieve. Determining progress requires monitoring and assessment over time. We intend to follow up on significant observations and recommendations made in this year's Report. We feel that this approach to monitoring and reporting progress will make departments more accountable for their commitments while providing a more in-depth picture of progress toward sustainable development.

About the Audit

Objective

The objective of this audit was to determine whether selected federal government departments and agencies are making progress toward specific sustainable development objectives.

Scope and approach

Four departments and five objectives were covered in this year's Report:

- Infrastructure Canada—improve the quality of the environment by funding infrastructure through the Infrastructure Canada Program;
- Industry Canada
 - enhance the capacity of Canadians, industries, and firms to develop and use eco-efficiency practices, tools and technologies, and products that contribute to increased productivity and environmental performance;
 - facilitate the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits;
- Human Resources Development Canada—begin building a better understanding of sustainable development-related issues of particular interest to HRDC and their implications for social policy and programs; and
- Environment Canada—better integrate the delivery of individual federal programs at the community level to maximize their impact in meeting environmental, social, and economic goals.

We analyzed the sustainable development strategies and relevant files and documents such as performance reports, performance management frameworks, results-based management and accountability frameworks, program evaluation reports, and internal audits. We also interviewed department and agency officials and selected external stakeholders.

Some quantitative information in this chapter is based on data drawn from various sources indicated in the text. We have satisfied ourselves as to its reasonableness given the use we have made of these data. However that information has not been audited, unless otherwise indicated in this chapter.

Audit criteria

As a means of assessing progress we expected that the departments covered by our monitoring would be

- setting sustainable development objectives that represent a clear statement of the results to be accomplished;
- setting clear performance expectations and indicators for their sustainable development objectives;
- meeting their performance expectations;
- measuring results (including the achievement of targets and short-term, intermediate, and long-term outcomes); and
- effectively reporting how well they are meeting their sustainable development objectives.

We carried out a more detailed examination of the Infrastructure Canada Program. In conducting this examination, we expected to find that

- the objectives and design of the Infrastructure Canada Program were consistent with the original objective in the Treasury Board Secretariat's sustainable development strategy; and
- the Infrastructure Canada Program was co-ordinated and managed to ensure the achievement of its objective of improving the quality of the environment.

For the Infrastructure Canada Program, we did not audit the Program from a grants and contributions perspective. For example, we did not look at aspects such as whether the Program complies with the *Financial Administration Act* and the Treasury Board policy on transfer payments, nor did we look at project monitoring.

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