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

**Chapter 5**  
Sustainable Development Strategies



Office of the Auditor General of Canada

*The 2002 Report of the Commissioner of the Environment and Sustainable Development comprises 6 chapters and The Commissioner's Perspective—2002. The main table of contents is found at the end of this publication.*

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Chapter

# 5

Sustainable Development Strategies

*The audit work reported in this chapter was conducted in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants.*

# Table of Contents

<b>Main Points</b>	<b>1</b>
<b>Introduction</b>	<b>3</b>
The global challenge	3
A global commitment to produce sustainable development strategies	3
The federal government's approach to sustainable development strategies	3
Focus of the audit	5
<b>Observations and Recommendations</b>	<b>6</b>
Two key roles for the strategies	6
<b>The strategic role</b>	<b>6</b>
Meaningful commitments are needed	6
The link between activities and results should be clear	7
Mix of policy tools required	8
The strategies in practice	8
Strengthening the strategic role	13
<b>The accountability role</b>	<b>14</b>
Good commitments are necessary	14
Reporting to Parliament on the commitments	15
Strengthening the accountability role	16
<b>Barriers to progress</b>	<b>18</b>
Need for central direction	19
<b>Conclusion</b>	<b>20</b>
<b>About the Audit</b>	<b>22</b>





# Sustainable Development Strategies

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## Main Points

**5.1** Sustainable development strategies of federal departments and agencies are not yet fulfilling their potential to influence change toward sustainable development. The strategies are used as a communications tool, a foundation for further change, and a focal point for managing sustainable development. But currently they are not the strategic documents they were meant to be.

**5.2** The commitments made by departments and agencies are the nuts and bolts of the strategies. They form the basis on which departments report annually on their progress toward sustainable development. We found that measuring and reporting on progress continues to be a challenge for departments. The sheer volume of commitments in the strategies makes reporting an onerous task. Moreover, in departmental performance reports the quality of reporting on sustainable development varies widely, with weaknesses persisting from year to year.

**5.3** The first two rounds of sustainable development strategies laid the foundation for progress. The next step for departments is to focus their strategies more on what they need to do differently to further sustainable development.

**5.4** If the strategies are to evolve to their full potential, direction and support from the centre of government are essential. The challenge currently faced by each department is like assembling a large jigsaw puzzle without the picture box. Many of the needed pieces are on the table, but it is not clear what picture is meant to emerge. In setting direction, the federal government needs to describe, in terms all Canadians can understand, what a sustainable Canada would look like 20 years from now.

## Background and other observations

**5.5** In 1992, Canada and many other countries around the world who attended the Earth Summit in Rio de Janeiro committed to develop national strategies for sustainable development. The strategies were seen as a way to translate the concept of sustainable development into a reality. Canada chose to make selected federal departments and agencies responsible for sustainable development within the sphere of their mandates.

**5.6** Twenty-eight departments and agencies tabled their first sustainable development strategies in December 1997. In our 1998 Report, we called the strategies “less a commitment to change in order to move toward sustainable development than a restatement of the status quo.” The Commissioner said

in that report that the second strategies were expected to focus more on what departments would do differently to promote sustainable development. The second strategies were tabled in February 2001.

**The government has responded.** Several departments and agencies accepted our recommendation to use the inventory of commitments as the basis of comprehensive and explicit reporting on progress toward sustainable development. Other departments deferred to the government response prepared by the Privy Council Office in conjunction with the Treasury Board Secretariat. This response does not require use of the inventory.

The Privy Council Office did not agree to play a leadership role in renewing the federal government commitment to sustainable development, including providing enhanced guidance and direction to departments and agencies. In its response, the Privy Council Office indicated that leadership should come from the Sustainable Development Coordinating Committee, working with the Assistant Deputy Ministers Task Force and the Interdepartmental Network on Sustainable Development Strategies.



## Introduction

### The global challenge

**5.7** Governments all over the world are trying to achieve a better quality of life for their citizens, now and for generations to come. This means ensuring the health of the natural environment—the air, water, land, and ecosystems on which we depend. It also means ensuring access to health, education, and social services as well as extending the benefits of economic prosperity to a broader segment of the population. The challenge is to find a way to do all of this without diminishing the availability of our resources for future generations.

**Sustainable development** is “development that meets the needs of today without compromising the ability of future generations to meet their own needs.”

Brundtland Commission: *Our Common Future*

**5.8** The World Commission on Environment and Development (the Brundtland Commission) called this effort “**sustainable development**” in its 1987 report, *Our Common Future*. Since then, governments around the world have adopted this broad concept as a key public policy goal and explored how to translate it into concrete actions.

**5.9** The federal government, other national governments, and international organizations recognize that achieving sustainable development requires change and innovation. It is a complex challenge. Kofi Annan, Secretary General of the United Nations, has said, “Our biggest challenge in the new century is to take the idea that seems abstract—sustainable development—and turn it into a daily reality for all the world’s people.”

### A global commitment to produce sustainable development strategies

**5.10** In 1992, Canada was one of 178 nations that endorsed Agenda 21 at the Earth Summit in Rio de Janeiro. Agenda 21 is a wide-ranging blueprint for action to make development economically, socially, and environmentally sustainable for the 21st century. Among these actions was a commitment to develop national strategies for sustainable development. The United Nations General Assembly reiterated this commitment in 1997 and set a target date of 2002 to introduce national sustainable development strategies.

### The federal government’s approach to sustainable development strategies

**5.11** For the past decade, Canada’s federal government has responded to the sustainable development challenge with different approaches to national sustainable development strategies (Exhibit 5.1).

**5.12** In 1995, three specific tools were created to ensure that departments made sustainable development a reality for Canadians. First, the government issued *A Guide to Green Government* to assist departments in developing their strategies. Second, Parliament amended the *Auditor General Act* to create a legal requirement for certain ministers and agency heads to ensure that their departments and agencies prepared sustainable development strategies and updated them at least every three years. Third, with these amendments Parliament also created the position of Commissioner of the Environment and Sustainable Development to monitor and report on the progress made by federal departments and agencies.

**Exhibit 5.1 Significant events in the promotion of sustainable development**

International Event	Canadian Event
<p><b>1987</b></p> <p>The World Commission on the Environment and Development (Brundtland Commission) released <i>Our Common Future</i>, setting out directions for comprehensive global solutions and giving prominence to the term “sustainable development.”</p>	<p><b>1990</b></p> <p>The Government of Canada’s Green Plan was released.</p>
<p><b>1992</b></p> <p>The United Nations Conference on the Environment and Development in Rio de Janeiro (Earth Summit) produced the Rio Declaration, a set of principles to guide future development; and Agenda 21, a “blueprint” for action to make development economically, socially and environmentally sustainable for the 21st century.</p>	<p><b>1992</b></p> <p>The Code of Environmental Stewardship was introduced.</p> <p><b>1994</b></p> <p>Legislation confirmed the mandate of the National Round Table on the Environment and the Economy, an independent federal agency, to provide objective views and information on the debate over the relationship between the environment and the economy.</p> <p>The government established the Sustainable Development Co-ordinating Committee, a senior forum with the mandate to ensure a coherent approach to the federal government’s sustainable development agenda and to co-ordinate sustainable development initiatives.</p>
	<p><b>1995</b></p> <p>Amendments to the <i>Auditor General Act</i> established a requirement for federal departments to table sustainable development strategies and created the position of Commissioner of the Environment and Sustainable Development.</p> <p><i>A Guide to Green Government</i> presented a framework for helping federal departments and agencies prepare their sustainable development strategies.</p>
<p><b>1996</b></p> <p>The Organization for Economic Co-operation and Development’s strategy “Shaping the 21st Century” established 2005 as a target date to formulate and implement a sustainable development strategy in every country.</p>	<p><b>1996</b></p> <p>Interdepartmental Network on Sustainable Development Strategies was created to co-ordinate the efforts of federal departments in producing their strategies.</p>
<p><b>1997</b></p> <p>A Special Session of the United Nations General Assembly set a target date of 2002 to introduce sustainable development strategies.</p>	<p><b>1997</b></p> <p>First sustainable development strategies were tabled by 28 federal departments and agencies.</p>
	<p><b>1999</b></p> <p>The Commissioner of the Environment and Sustainable Development issued <i>Moving up the Learning Curve: The Second Generation of Sustainable Development Strategies</i> to set out expectations for the second round of sustainable development strategies.</p>
<p><b>2001</b></p> <p>The International Forum on National Sustainable Development Strategies was held in Ghana.</p>	<p><b>2001</b></p> <p>The second round of sustainable development strategies were tabled.</p>
<p><b>2002</b></p> <p>The World Summit on Sustainable Development was held in Johannesburg, South Africa.</p>	<p><b>2003</b></p> <p>The third round of sustainable development strategies are to be tabled.</p>

**5.13** Although federal departments have different mandates, responsibilities, and roles to play in achieving sustainable development across the government, each minister or agency head is accountable for making measurable progress within the sphere of his or her mandate. *A Guide to Green Government* established a framework to help departments identify which of their policies and programs are not sustainable, what changes they have to make to achieve sustainable development, and how they will make those changes.

**5.14** In December 1997, 28 departments and agencies tabled their first strategies; revised strategies were tabled in February 2001. Over the past four years, we have studied and audited various aspects of the approach to sustainable development. We have examined how the departments and agencies prepared their strategies and whether they followed the procedures outlined in *A Guide to Green Government*. We have assessed whether they installed effective management systems to implement the actions set out in their strategies. And we have reviewed how they have reported to Parliament on their progress toward sustainable development. (For links to the departments' sustainable development strategies and to our audits and studies, visit our Web site at [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca).)

**5.15** The Commissioner's mandate specifically requires us to report annually on the extent to which departments have implemented the actions contained in their strategies—in effect, to answer the question, “Did they do what they said they would do?” But does the completion of these departmental actions add up to real progress on sustainable development? Do the strategies promote a shift toward sustainable development by driving change and innovation? These are entirely different questions and far more difficult to answer—questions that are the subject of this chapter.

### Focus of the audit

**5.16** In this audit, we set out to determine whether the process of creating and implementing sustainable development strategies has changed the way federal departments deliver their mandates. We also examined whether departments are reporting to Parliament accurately on their progress toward achieving their sustainable development commitments.

**5.17** First, we examined the nature of the strategies themselves. We assessed whether the commitments made by the 28 departments and agencies in the 2001 strategies are clear and measurable. We also examined whether the commitments in the strategies of nine selected departments are meaningful and likely to contribute to change in the way the departments operate.

**5.18** Second, we looked inside two key natural resource departments, Fisheries and Oceans Canada and Natural Resources Canada, to see how they are using their strategies and to what effect. We chose these departments because of their heavy involvement in sustainable development issues as well as their links with other audit work described in this report.

**5.19** Last, to assess the progress that the 28 departments and agencies have reported against their commitments in the 1997 strategies, we looked at the latest departmental performance reports tabled in Parliament. This was a continuation of audit work we have carried out since 1999. We focussed on the commitments in the 1997 strategies because the majority of departments reported only on those commitments.

**5.20** Further details on the audit are in *About the Audit* at the end of the chapter.

## Observations and Recommendations

### Two key roles for the strategies

**5.21** In our view, the strategies will be a tool for change only if they fulfil their potential as both strategic documents and effective accountability tools. This audit looked at how the strategies fill both roles.

#### The strategic role

**5.22** From the outset, the federal government has expected its sustainable development strategies to produce change. *A Guide to Green Government* presented a framework to assist departments in making the shift to sustainable development. The Guide recognized that this shift would require innovation in both policy and management. Making the shift has been and continues to be a significant challenge for departments and agencies. In 1998, the Commissioner of the Environment and Sustainable Development called the 1997 strategies “less a commitment to change in order to move toward sustainable development than a restatement of the status quo” and said the second strategies would be expected to focus more on what departments would do differently.

**5.23** We examined the strategies of selected departments to determine whether they fulfilled their role as strategic documents to influence change. We used *A Guide to Green Government* to develop the following criteria:

- The commitments in the strategy should be meaningful.
- The strategy should establish a coherent and logical structure of commitments, with an appropriate balance of activities, outputs, and outcomes. A clear, sequential chain should show how the commitments will contribute to achieving the department’s goals.
- The strategy should promote the choice of the policy instruments most suited to effect the desired change, for example, laws and regulations, fiscal instruments, information and awareness tools, and government-funded programs.

### Meaningful commitments are needed

**5.24** Under the first criterion, we examined the strategies in selected departments to determine whether their commitments were meaningful. Commitments are the nuts and bolts of the strategies. They are the goals,

objectives, targets, and actions that departments have identified in their strategies. We believe that meaningful commitments are essential if the sustainable development strategies are to be useful tools. Meaningful commitments should be

- **related to the issues.** Are the commitments related to the issues the department identified in preparing its sustainable development strategy?
- **supportive of the mandate.** Do the commitments fall within and support the department's mandate?
- **understandable.** Is there an explanation of the context for the commitment with a clear indication of what the department intends to do and how it plans to do it?
- **relevant.** Is the commitment tangible and significant? Would carrying out the commitment help to accomplish the objectives in the strategy?

Exhibit 5.2 gives an example of a commitment that meets these four criteria.

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#### **Exhibit 5.2 An example of a meaningful commitment in a sustainable development strategy**

Fisheries and Oceans Canada set a target to introduce the precautionary approach into fisheries management decision-making. It proposed to do so by testing an objectives-based fisheries management approach in 10 pilot fisheries by the end of 2003. This commitment meets the four criteria: it is related to the issues the Department identified in preparing its sustainable development strategy, is supportive of its mandate, is understandable, and is relevant.

**5.25** Generally, we found that commitments met the first two elements: they were related to the identified issues and supportive of the department's mandate. However, we found that departmental strategies include many commitments that are not understandable. They have not provided the necessary context to allow parliamentarians or the public to understand what the department intends to do or how it plans to do it. In reviewing the commitments for relevance, we also found that the strategies include numerous activities of questionable significance. It is not clear from the strategies how achieving those commitments would accomplish the objectives. In our opinion, greater attention to the third and fourth elements would help departments formulate strategies that are better tools for making progress toward sustainable development.

#### **The link between activities and results should be clear**

**5.26** Our second criterion is based on the hierarchy of commitments set out in *A Guide to Green Government*. That document is intended to help departments prepare their sustainable development strategies. It suggests that departments identify the goals, objectives, and targets they will use to manage their respective sustainable development agendas. It encourages departments to develop an action plan for turning those goals, objectives, and targets into measurable results.

**5.27** An action plan can include activities such as holding consultations, gathering and sharing information, carrying out research and studies, and attending meetings. The decisions made and actions taken through these activities produce outputs such as new laws and regulations. These, in turn, contribute to the desired intermediate and long-term outcomes such as changes in consumer behaviour, improved health of Canadians and ecosystems, and less energy consumption. We call this sequence a results chain.

**5.28** In our 1998 audit of the first sustainable development strategies, we noted that the commitments focussed on activities and outputs, the front end of the results chain. Our current review of the second strategies found a similar focus on activities and outputs rather than outcomes. We noted that both Natural Resources Canada and Fisheries and Oceans Canada made an effort in their strategies to show how their actions at the operational level are linked to their desired intermediate and long-term outcomes. Exhibit 5.3 illustrates the results chain with examples from both departments. In our opinion, all departments should make similar efforts to make the link between activities and outcomes clear in their action plan to turn strategy goals, objectives, and targets into measurable results.

### Mix of policy tools required

**5.29** For the third criterion, we analyzed the commitments in a selection of departmental strategies to see what mix of policy tools they used. *A Guide to Green Government* recognized that the choice of policy instrument will vary with the nature of the issue. We found that strategies emphasized the use of information and awareness tools such as studies, analyses, evaluations, policy and scientific research, demonstration projects, inventories, and development of decision-making tools. And in reviewing the strategies of the selected departments with fiscal and regulatory powers, we found that departmental strategies are making little use of two instruments that traditionally have been important and effective levers of government policy—regulation and taxes. While the policy tools chosen may provide a foundation for further actions and an information base for building internal capacity, departments do not explain the reasons for their choice or why that choice is the best way to effect the change their strategies were meant to promote.

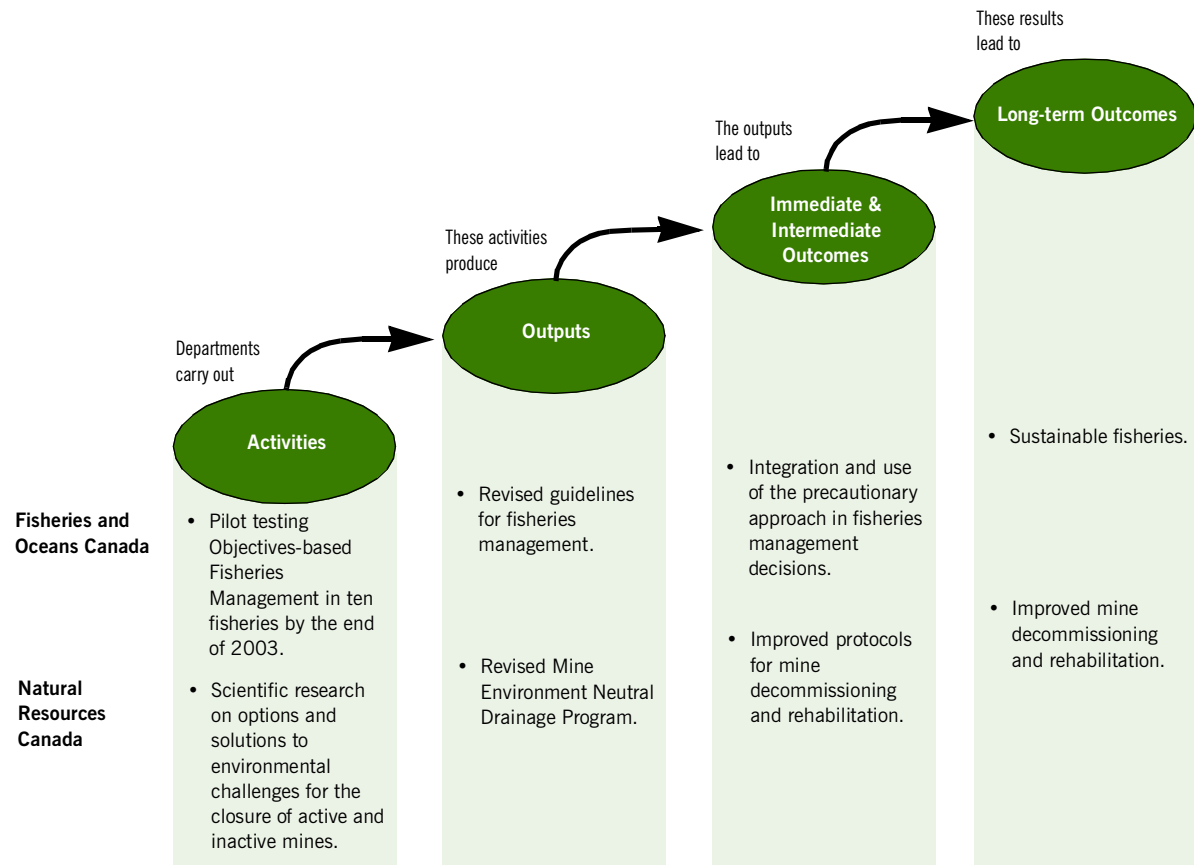
**5.30** We found that the strategies generally fell short of fully meeting our criteria for a strategic document. In our opinion, this hinders the process of change that *A Guide to Green Government* was designed to assist.

### The strategies in practice

**5.31** In addition to our broad assessment of the strategies as strategic documents, we looked at how two departments put their strategies into practice. At Fisheries and Oceans Canada and the Minerals and Metals Sector of Natural Resources Canada, we looked for evidence of changes the departments have made toward sustainable development. Specifically, we examined how they have integrated sustainable development into

**Exhibit 5.3 The results chain: From activities to outcomes**

Examples from Fisheries and Oceans Canada and Natural Resources Canada



Source: Adapted from Natural Resources Canada, Sustainable Development Strategy—Now and for the future; and from Fisheries and Oceans Canada, Sustainable Development Strategy 2001–2003, Building Awareness and Capacity: An action plan for continued Sustainable Development 2001–2003

departmental business planning and policy development. We also looked at the role their strategies have played in those changes.

**5.32 Sustainable development concepts are being integrated.** We found that both departments have taken sustainable development into consideration over the last 10 years. For example, they have integrated sustainable development concepts into their Estimates documents (Exhibit 5.4), a process that was under way before the requirement for sustainable development strategies was introduced. These documents are the primary tools that departments use to inform Parliament about what they propose to do and how they will budget for it, and then to report on what they did. To be fully integrated into policy development, planning, and decision making, sustainable development must be evident throughout these documents. Otherwise, it risks being sidelined and not treated as the “essential goal of public policy” referred to in *A Guide to Green Government*. In the case of Natural Resources Canada, this integration has permeated to the ministerial level. Support from the most senior levels in a department is a way to ensure that integration of sustainable development is given priority.

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**Exhibit 5.4 Integrating sustainable development into business planning**


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**Natural Resources Canada**

Natural Resources Canada has gradually integrated sustainable development concepts into its Estimates documents since 1992. In the early 1990s it focussed on integrating environmental and economic concerns. By the middle of the decade, however, sustainable development had become a legislated part of the Department's mandate; its planning and reporting documents made more frequent references to sustainability. By 2001 the Department had aligned its report on plans and priorities, its annual performance report, and its sustainable development strategy. In the 2002–03 *Report on Plans and Priorities*, the Minister of Natural Resources endorsed the Department's four strategic directions for working toward sustainability. These were based on stakeholder consultations that were held in preparing the 2001 strategy and on Government of Canada priorities.

**Fisheries and Oceans Canada**

Throughout the last decade, Fisheries and Oceans Canada gradually integrated sustainable development concepts into its Estimates documents. The documents in the early 1990s referred to the conservation of fisheries resources and their sustained economic use. The Department's 2002–03 *Report on Plans and Priorities* refers more explicitly to sustainable development concepts. For example, it states that the Department's activities are oriented toward creating fisheries that are ecologically sustainable and economically viable. It is moving toward ecosystem-based management and an integrated approach to managing Canada's oceans for the benefit of the environment, the economy, and communities.

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**5.33** The two departments have also established new policies, programs, and strategies that reflect the language and principles of sustainable development. For example, Natural Resources Canada has stated that the Minerals and Metals Policy of the Government of Canada (1996) “represents the first attempt by the government to incorporate the concept of sustainable development into a comprehensive policy document in the natural resources area.” *Focus 2006*, released in 2001, presents a strategic vision from 2001 to 2006 for the Department's Minerals and Metals Sector. The document envisions Canada as “a role model for the world in applying sustainable development through good stewardship of its minerals and metals resources to enhance the quality of life of Canadians and their communities.”

**5.34** Fisheries and Oceans Canada has established new policies, programs, plans, legislation, and strategies aimed at improving the conservation and sustainable use of resources. Examples include the creation of the Fisheries Resource Conservation Council on the East Coast and the Pacific Fisheries Resource Conservation Council; passage of the *Oceans Act*; the piloting of integrated fisheries management planning; the initiation of an Atlantic Fisheries Policy Review; and the ratification of the International Agreement on Straddling Stocks and Highly Migratory Stocks.

**5.35** Integrating sustainable development concepts into their planning documents and policy development is an important step for these departments. However, only time will tell to what extent that integration is influencing the way both departments carry out their mandates.



**5.36 Influences of change.** Given the integration of sustainable development concepts by these departments, a key question for us was what role the strategies had played in bringing about those changes. Our review and our discussions with managers found that both departments had been influenced by a wide variety of factors other than the strategies. Those factors included growing public awareness of environmental issues, pressure from industry groups and environmental non-government organizations, reports of the Auditor General and the Commissioner, and the work of standing committees of the Senate and the House of Commons. The Minerals and Metals Sector was affected in particular by the 1992–1994 Whitehorse Mining Initiative, a multi-stakeholder process that examined sustainability in the mining industry. At Fisheries and Oceans Canada, the decline of fish stocks on the east and west coasts of Canada has had a major impact on the Department's approach to its policies and programs.

**5.37** The Department's approach to aquaculture provides an illustration of the many economic, social, and environmental factors that can influence the way Fisheries and Oceans Canada delivers its programs. The Department must weigh the demands of a growing industry sector, the potential social and economic benefits that aquaculture may bring to local communities, and concerns about the environmental impacts of aquaculture on the ecosystem. It must work within existing legislative requirements and a policy context that includes the Federal Aquaculture Development Strategy and the Department's own Aquaculture Action Plan. The Department's sustainable development strategy includes only two of the several aquaculture-related activities it is undertaking. This demonstrates the communications role played by the strategy for this issue.

**5.38** Fisheries and Oceans Canada has developed a departmental strategic plan that plays a stronger role and is more integrated into the business planning process than is the Department's sustainable development strategy. Given the predominance of its strategic plan and the existence of a number of strategies and plans on specific issues, the Department faces the dilemma of ensuring that its sustainable development strategy can usefully contribute to change without duplicating other processes.

**5.39 The strategies communicate existing activities.** One of the aspects we examined was the extent to which strategies reflect new ways of doing business. Natural Resources Canada and Fisheries and Oceans Canada set the goals and objectives in their sustainable development strategies centrally and across departmental sectors, using broad sustainability themes. Then, to meet those high-level goals, they fit into their strategies activities they already have under way that support sustainable development.

**5.40** We found that this process produces a strategy that is largely a catalogue of projects highlighting current work, that is, work that departments had already planned to carry out. We call these worthwhile activities "good business as usual." At Fisheries and Oceans Canada, examples include commitments to create a network of multidisciplinary

science research teams by the end of 2001 and to enhance stakeholder involvement in fish habitat management. An example in the Minerals and Metals Sector of Natural Resources Canada is the Mine Environment Neutral Drainage (MEND) initiative, which laid the foundation for ongoing work (see the case study below).

**5.41** These projects are aligned with the goals and objectives that Natural Resources Canada and Fisheries and Oceans Canada are trying to achieve toward more sustainable use of natural resources. They are thus an important part of the departments' efforts to progress toward sustainable development. However, if the strategies are to fulfil their intent as strategic documents we believe they need to include more activities that push departments further in the area of sustainable development. An example of such a commitment is the undertaking by Natural Resources Canada to research and develop technologies by 2003 for recycling and resource recovery in the minerals and metals sector. This is an activity that the Department has identified as a priority but that has not been part of its operations.

**5.42** In our opinion, departmental strategies composed largely of current activities make it difficult to discern their strategic focus. We believe that departments should be more strategic in their selection of the activities they include in their sustainable development strategies.

#### The Mine Environment Neutral Drainage initiative

In 1989 the Canadian mining industry, non-government organizations, and the federal and provincial governments created the Mine Environment Neutral Drainage (MEND) program. MEND was established to develop scientifically based technologies for predicting, monitoring, treating, preventing, and controlling acidic drainage from mining activities. The program became the focal point of efforts to control acidic drainage; it developed a set of technologies available to all stakeholders. A 1996 evaluation of MEND by outside consultants found that the program had reduced the liability of five mine sites by \$340 million.

At the end of the original MEND program in 1997, the partners agreed to a second program; MEND 2000 began in 1998. Initiating MEND 2000 had been a target in Natural Resources Canada's first sustainable development strategy. The Department's *Performance Report* for the year ending 31 March 1999 said the target had been met. One of the major achievements of MEND 2000 was the production of a comprehensive manual on acidic drainage.

At the end of the program's three-year term in December 2000, the MEND 2000 steering committee recommended that the program be renewed. The new program would carry out further research aimed at improving environmental performance and reducing the financial liability associated with acidic drainage and metal leaching. The Department's second strategy set 2002 as a target for implementing a new MEND program, and the Department is on track to meet this commitment.

The MEND initiative predates the sustainable development process. Nonetheless, it supports what Natural Resources Canada is trying to achieve on sustainable development.

### Strengthening the strategic role

**5.43 Working with others on cross-cutting issues.** Sustainable natural resources and protection of ecosystem health were among the sustainable development objectives identified in *A Guide to Green Government*. The Guide also promoted working together as a means of better planning and decision-making for sustainable development. We believe departments have missed an opportunity to use the strategies as a way to address significant issues that cut across departmental lines. Our audit of the federal response to invasive species, discussed in Chapter 4 of this Report, illustrates this strategic shortcoming. As shown in Exhibit 5.5, only one of several departments with key roles to play includes in its sustainable development strategy a commitment on this emerging threat to natural resources and ecosystem health.

#### Exhibit 5.5 A missed opportunity

##### Chapter 4, Invasive Species

Invasive species frequently travel as stowaways with goods, vehicles, and people moving between regions with different ecosystems. They are causing extensive ecological and economic damage in Canada. Despite the federal government's long-standing commitment to deal with the problem of invasive species, their number has grown steadily for decades. Increases in trade will almost certainly lead to further invasions unless the government acts decisively to prevent them. Of the many departments with a key role to play in tackling the problem, only Transport Canada has a commitment to action in its sustainable development strategy—a commitment it has yet to complete.

**5.44** In summary, our work in this and other audits found that currently the departmental strategies are serving the following purposes:

- **A foundation for sustainable development.** The strategies have helped departments take the essential early steps toward sustainable development, such as raising awareness within the departments, consulting with stakeholders, and establishing basic management systems.
- **A communications tool.** As an overview of current sustainable development programs in the departments, the strategies play a valuable role in informing both internal and external stakeholders of the sustainable activities that departments have underway.
- **A management focus.** The strategies help departments focus on sustainable development issues and identify areas that require more effort.

We believe that these roles are all useful and indeed, necessary, to assist departments in raising awareness and incorporating sustainable development concepts into the way they carry out their mandates.

**5.45** However, in our opinion, departments need to do more to ensure that the strategies fulfil their strategic role. To show a “commitment to change,”

an expectation we first cited in 1998, the strategies also need to focus more on what departments need to do differently to achieve sustainable development.

### The accountability role

**5.46** Our audit also looked at the second role the strategies play—as accountability tools. Effective accountability requires, among other things, good commitments and robust reporting to Parliament on those commitments.

#### Good commitments are necessary

**5.47** **Good reporting requires good commitments.** We analyzed all commitments in the second round of strategies, tabled in February 2001, to assess whether they provide a basis for good reporting. We looked for the following attributes:

- the commitment is clearly stated as a result or outcome;
- there is a clear deliverable;
- there are concrete performance expectations (performance can be measured); and
- the commitment is time-bound.

**5.48** We found that only 13 percent of the commitments in the second round of strategies had all of these characteristics. In individual strategies the proportion varied widely—from 0 to 56 percent. The low percentage of good commitments in the strategies makes measuring progress difficult, if not impossible. This means that departments, parliamentarians, and the public have few benchmarks for judging how successfully departments are implementing their strategies or determining when corrective action may be needed. In our previous audit work on the reporting of progress, we have noted the lack of benchmarks as a cause of difficulties in tracking progress toward sustainable development.

**5.49** Fisheries and Oceans Canada’s strategy had a commitment to increase research by the end of 2001 to support economically and environmentally sustainable development of the aquaculture industry. This is an example of a commitment that makes reporting on progress difficult. Research is a component of the Department’s Aquaculture Action Plan and the Program for Sustainable Aquaculture. However, the commitment makes no reference to how research is to be distributed between determining environmental impacts and meeting industry needs. Nor does the commitment indicate the size of the increase in research (for example, is it a 5 percent increase, a 50 percent increase, or something in between?). This type of information is important if progress under the sustainable development strategy is to be measured. Furthermore, simply stating that the commitment has been met does not say much about progress; rather, determining the impact this research will have on the sustainability of aquaculture will require ongoing monitoring and evaluation. Exhibit 5.6 gives examples of commitments with the attributes that provide a basis for good reporting.

**Exhibit 5.6 Good reporting requires good commitments****Examples of measurable targets**

**Correctional Service Canada:** Use of water reduced 20 percent by March 2004 (from 600 L/day/occupant to 480 L/day/occupant).

**Western Economic Diversification:** 100 percent of new programs assessed under the Strategic Environmental Assessment process by March 31, 2003.

**Did you know?**

Percentage of 2001 strategies that include greening operations commitments: **100**

Percentage of strategies with commitments related to procurement: **90**

Percentage with commitments related to waste management: **97**

Percentage with commitments related to motor vehicle fleets: **72**

Percentage with commitments related to human resource management: **83**

**5.50** We found that all strategies contained commitments toward “greening” departmental operations. We noted that this type of commitment was more likely than others to be clear and measurable. In developing their objectives, targets, and actions for greening their operations, many departments used the guidance provided in *Sustainable Development in Government Operations: A Coordinated Approach*, a document developed under the co-leadership of Public Works and Government Services Canada, Natural Resources Canada and Environment Canada. Exhibit 5.7 provides an example of a clear, understandable commitment to green operations.

**Exhibit 5.7 A clear, understandable target related to greening operations**

**Fisheries and Oceans Canada:** Implementation of Environmental Management Plans (EMPs) at all current client-managed harbours (559) by end of 2002.

**Reporting to Parliament on the commitments**

**5.51 Measuring progress.** After the tabling of the first round of sustainable development strategies in 1997, we developed a database containing all the commitments made by each department in its strategy. We use this tool each year to capture the information on progress that departments and agencies include in their performance reports against their sustainable development goals, objectives, targets, and actions. This allows us to calculate the average percentage of commitments that departments report having met, and we provide an annual consolidated report on progress to Parliament. It also allows us to readily track reported progress from year to year.

**5.52** We reviewed the summary information that departments included in their performance reports and the supplementary information they referenced. We found that departments reported having met about 42 percent of the commitments in their first strategies. This is an improvement over the 11 percent reported in 1998, 20 percent in 1999, and 35 percent in 2000. However, it should be noted that we took at face value the information departments included in their performance reports and the supplementary information they referenced. Any weaknesses or omissions in their reporting on progress affect the reliability of those figures.

**5.53 Accuracy of information.** We did not audit the reliability of the information included in all of the departmental performance reports.

However, we did audit a selection of sustainable development strategy commitments to verify that data in the departmental performance reports were consistent with data in those departments' information systems. We selected some commitments from programs of the two departments we examined in depth (Fisheries and Oceans Canada and Natural Resources Canada); we selected others related to topics discussed in other chapters of this Report, such as invasive species and federal contaminated sites. To assess the accuracy of the reported information, we reviewed the supporting information referred to in the performance reports. Where necessary, we supplemented our review with further inquiry, analysis, and discussion.

**5.54** In the selection of commitments that we audited, we found that the evidence supported the reported performance—that is, the performance reports contained information on progress for the selected commitments that was consistent with the information in the departments' systems.

**5.55 Measuring and reporting on progress continues to be a challenge.** Although the reported information on the commitments we examined was accurate, our review of reporting on commitments by all departments found problems with the way the information was reported. We found cases that called into question the usefulness of the information in the departmental performance reports. These cases show the difficulty of using the information in the performance reports to compile a picture of overall progress.

**5.56** We have noted weaknesses in reporting that persist from year to year. Of particular concern is the repetition of deficiencies we identified in our 2001 Report (Chapter 3). Once again, we found reporting that was confusing, Web links that did not work, and vague reporting that focussed on activities rather than results. Exhibit 5.8 gives some examples of these weaknesses. The weaknesses lead us to question whether the figure of 42 percent of commitments met represents a credible assessment of progress.

**5.57** Another reporting challenge for departments is the sheer volume of their commitments. The second strategies contain a total of 2,672 commitments, compared with 2,983 in the first round of strategies—a reduction of only 10 percent. This large number of commitments can make it difficult to discern the strategic focus of the strategies. The uneven quality of the commitments in the departments' strategies is another reason for the ongoing difficulties in measuring and reporting progress.

### Strengthening the accountability role

**5.58 A measure for improved reporting.** In an effort to improve reporting on sustainable development strategies, our Office established an inventory of the commitments each department made in the second round of strategies. Each department verified the accuracy of its inventory. We intended the inventories to clarify for departments what the Commissioner would be monitoring so they could report on their progress accordingly. (More information on the inventory can be found under the sustainable development tab on the Commissioner's page of our Web site at [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca).)

#### Did you know?

Number of sustainable development commitments in the 1997 strategies: **2,983**

Number in the 2001 strategies: **2,672**

Number of departments and agencies that table sustainable development strategies: **29**

Average number of commitments per department in the 2001 strategies: **92**

### Exhibit 5.8 Weaknesses in reporting

#### Confusing reporting

National Defence committed to a 5 percent per year reduction in the number of specified high-risk hazardous materials it uses. Although the Department's statistics showed reductions in the first two years of reporting, data in the 2001 *Performance Report* do not agree with the totals reported previously. The Department's report provides no explanation for this inconsistency. This contravenes one of the Treasury Board Secretariat's principles of effective performance reporting, which instructs departments that use comparative information to explain any differences.

In another department we found that the departmental performance report contradicted an earlier report. Justice Canada made a commitment to "reduce paper product use by 25 percent from 1997 to the end of 1999." In its 2001 *Performance Report*, it said it had achieved progress on its commitment by stabilizing paper product use. However, an appendix to the Department's second sustainable development strategy, describing achievements under the first strategy, reported the opposite. It noted that despite various efforts to reduce paper consumption, the amount of paper used had increased significantly.

In another case, Natural Resources Canada made a commitment, "From 1998–2000, possible participation of Canadian experts to the series of fora entitled World Forum on Forests (part of World Exposition 2000, Hanover, Germany)." In its status report for 2000–01, it indicated "status" with a tick (✓) and added, "Unfortunately, the fora were not held."

The Canadian International Development Agency (CIDA) provides an additional example. The Agency has been in transition to make its second sustainable development strategy its business plan. While CIDA has indicated that this year's departmental performance report signals a change in reporting under this new approach, we believe that the Agency needs to devote greater efforts to ensure that its reporting on progress toward achieving its commitments in the second strategy is clear and understandable. In the future, we plan to look more closely at the extent to which the Agency's business-plan approach facilitates consistent, comprehensive reporting on its sustainable development commitments.

#### Vague reporting that focusses on activities

In one case, Canadian Heritage made a commitment to "sensitize all departmental employees to the concept, values and concrete applications of sustainable development by December 2000." Its performance report described progress to date, such as setting up information during Environment Week 2000, distributing an information sheet entitled *The Green Office*, and exploring with other interested departments the social and cultural dimensions of sustainable development. Although the Department stated its performance indicators, it did not discuss when or how it would measure the level of employee awareness and changes in understanding within the federal government. Until the Department measures the effects of its actions, it will not know (nor will parliamentarians and Canadians) how effective its efforts have been at sensitizing employees or whether it needs to take corrective action.

#### Invalid references

Of the departments that provided references to more detailed information, five (Correctional Service Canada, Environment Canada, Department of Finance Canada, Health Canada, and Department of Justice Canada) provided Web addresses that were invalid at the time of our audit. Last year we reported that two departments (again, one was Department of Justice Canada) provided invalid Web links. Invalid Web addresses limit access to information by members of Parliament or the public who want to review the detailed progress reports such links provide. It is notable that the guidance provided by the Treasury Board Secretariat advised departments that reports would be monitored to ensure that Internet links to supporting information were present and working.

**5.59** The guidelines for preparing the 2001–02 performance reports, issued by the Treasury Board Secretariat in the spring of 2002, suggested that departments use a more detailed format to report comprehensively and explicitly on progress. These guidelines provide a link to the Commissioner’s Web site and suggest that departments may find it more efficient to use the inventory developed by the Commissioner as the basis of their detailed progress report. In our opinion, a complete inventory is a useful tool for departments to provide more detailed supplementary information as part of their performance reports. We believe that reporting against all of the commitments in their strategies is essential for a complete picture of progress.

**5.60 Recommendation.** Beginning with the 2002–03 departmental performance reports, departments and agencies that prepare sustainable development strategies should use the Treasury Board Secretariat’s reporting guidelines to report comprehensively and explicitly on progress they have made toward sustainable development. They should use the complete inventory of the commitments developed by the Commissioner as the basis for the detailed progress report suggested in the Secretariat’s guidelines.

**Government’s response.** Each year, the Treasury Board Secretariat (TBS) prepares guidelines to support departments in reporting on the progress of their initiatives, including sustainable development. The guidelines set out a framework for reporting that provides departments the flexibility to convey their performance in a meaningful way. This past year, TBS revised the guidelines to reference the Commissioner’s inventory and to make the links to the Sustainable Development in Government Operations reporting framework.

It is important to note, however, that each minister is accountable to Parliament for his or her department’s activities, including reporting, and that the reporting approach should be the one that best presents a coherent and accurate picture of the department’s performance while meeting certain principles for effective public reporting. The inventory may form part of the performance report for some departments. Overall, reporting should be strategic and focussed on results and outcomes rather than activities.

### Barriers to progress

**5.61** Although our audit work focussed on departments and their strategies, we identified two areas that act as barriers to the departments’ preparation of strategies that are the strategic documents they were intended to be.

**5.62 Absence of a long-term strategic perspective.** Our audit found that most of the actions in the strategies are short-term; few extend beyond 2004. This is partly a consequence of the *Auditor General Act* itself. Since ministers and departments are required to update their strategies every three years, the strategies have tended to focus on a limited three-year horizon. Yet thinking about and planning for the next generation of Canadians is the very essence of sustainable development.

**5.63** Sustainable development strategies of other countries have set an example for establishing a long-term strategic perspective. In the Netherlands, the ambitious goal of the first National Environmental Policy



Plan in 1989 was to achieve sustainability by 2010. Plans in each subsequent four-year cycle have set interim targets to be met within that cycle. Sweden has attempted something similar with its recently adopted National Environmental Objectives, whose primary goal is to hand over to the next generation a society in which the major environmental problems have been solved. Interim targets identify the direction and timeframe for ongoing, concrete environmental measures to achieve the objectives. Both countries have set long-term objectives for environmental quality and have established the short-term targets needed to achieve them.

**5.64 Absence of a practical and understandable image of sustainable development.** We found that the commitments in the strategies use terms such as “integrated decision-making,” “sustainable use of resources,” and “new forms of governance” that do not give departments or Canadians an understanding of where sustainable development is headed. In our opinion, federal departments need to turn the concept of sustainable development into practical and understandable terms that provide a clear image of the long-term outcomes the strategies are meant to achieve.

**5.65** The challenge faced by each department is like helping to assemble a large jigsaw puzzle without the picture box. Many of the needed pieces are on the table (departments are undertaking short-term, worthwhile activities), but it is not clear what picture is meant to emerge. Without the guiding image, it is not apparent whether the pieces are all part of the same design, whether they will fit together properly, and whether each piece is going in the right place. The government has yet to provide a clear picture of what a sustainable Canada would look like 20 years from now.

#### **Need for central direction**

**5.66** The original guidance to departments, *A Guide to Green Government*, was endorsed in 1995 by the Prime Minister and Cabinet. While it set a framework for action, it was intentionally broad and was meant to be interpreted and adapted by departments. There is a growing view among departmental officials and other stakeholders that a clear Government-of-Canada perspective is needed to facilitate greater co-ordination and coherence in the federal voice on sustainable development.

**5.67** The legislation that obliges ministers to produce sustainable development strategies also gives the government the right to make regulations prescribing the form and content of the strategies; however, so far no regulation has been made. The federal government has chosen another option. It has begun to develop an overarching federal strategy as part of an ongoing process of translating its commitment to sustainable development into reality. We were told that Environment Canada, through an interdepartmental network, is leading discussions on this new document.

**5.68** Previous audits by our Office have highlighted our belief that central agencies, such as the Privy Council Office, need to play a stronger role in providing direction to departments and ensuring that the federal agenda for sustainable development is given high priority. The Privy Council Office has

acknowledged in the past that its role is “to ensure that departments are aware of the priority that the government has placed on sustainable development and that they [departments] understand the role they are expected to play.” We believe that the Privy Council Office needs to provide the guidance and central direction departments need in preparing the third generation of sustainable development strategies.

**5.69 Recommendation.** In preparation for the third round of strategies, the Privy Council Office should lead ministers, departmental senior managers, and central agencies in making a renewed commitment to sustainable development in government policies and programs. This should include developing a clear image of what a sustainable Canada would look like in 20 years and providing enhanced guidance and direction to departments.

**Government’s response.** The Privy Council Office is supportive of and will continue to play a challenge role to further the government’s commitment to sustainable development in government policies and programs. It will be important that the Sustainable Development Coordinating Committee, working with the Assistant Deputy Ministers Task Force and the Interdepartmental Network on Sustainable Development Strategies, provide leadership and co-ordinate the efforts of departments across government to promote sustainable development. The Federal Sustainable Development Strategy, currently being developed, will include an elaboration of a federal vision for sustainable development.

## Conclusion

**5.70** In our audit we set out to determine whether the process of creating and implementing sustainable development strategies has changed the way federal departments deliver their mandates. We looked at whether the strategies fulfilled two roles we believe essential for change—whether the strategies are strategic documents and whether they are effective accountability tools.

**5.71** We found that the strategies fall short of fully meeting our criteria for a strategic document. In our opinion, this hinders the process of change that *A Guide to Green Government* was designed to assist.

**5.72** The departments we examined in detail, Natural Resources Canada and Fisheries and Oceans Canada, have made changes over the past decade to integrate sustainable development concepts into their planning documents and policy development. We found that a variety of external and internal factors, other than the strategies, had played a big part in influencing the departments to make these changes. Only time will tell to what extent their integration of sustainable development concepts is influencing the way both departments carry out their mandates.

**5.73** While the strategies of the two departments do describe some new ways of doing business, we found that they are largely a catalogue of projects highlighting current work. The strategies do serve useful roles as a

communications tool, a foundation for further change, and a focal point for managing sustainable development. In our opinion, however, this is not enough to enable them to fulfil their strategic potential. To show a “commitment to change,” an expectation we first cited in 1998, the strategies also need to focus more on what the departments are doing differently to achieve sustainable development.

**5.74** In examining the role that strategies play as accountability tools, we found that departments continue to have difficulty reporting on their progress toward sustainable development. The sheer volume of commitments in the strategies makes reporting an onerous task. The quality of reporting in the annual departmental performance reports varies widely, with weaknesses that persist from year to year. While departments report having achieved 42 percent of the commitments in their first strategies, the quality of reporting in the performance reports leads us to question the reliability of that figure.

**5.75** The guidelines for preparing the 2001–02 *Performance Report*, issued by the Treasury Board Secretariat in the spring of 2002, suggest that departments may find it more efficient to use the inventory of commitments developed by the Commissioner as the basis of their detailed progress reports. We believe that reporting against all of the commitments in the strategies is essential for a complete picture of progress.

**5.76** In our opinion, the 1997 and 2001 sustainable development strategies have laid a foundation for the future. We have identified barriers that impede further progress on sustainable development: the absence of a long-term strategic perspective and the absence of a clear image of a sustainable Canada 20 years in the future. There is a growing view among departmental officials and other stakeholders that a clear Government-of-Canada perspective is needed to facilitate greater co-ordination and coherence in the federal voice on sustainable development. We believe that the Privy Council Office should provide the guidance and central direction departments need to prepare strategies that better fulfil their potential to influence change toward sustainable development.

## About the Audit

### Objectives

The first objective of our audit was to determine whether the process of creating and implementing sustainable development strategies has changed the way federal departments carry out their mandates. The second objective was to determine whether departments are reporting to Parliament accurately on their progress toward achieving their sustainable development commitments.

### Scope and approach

In our audit work under our first objective, we looked in depth at the strategies of selected departments to identify meaningful commitments that would spur the departments to change the way they operate. We expected to find commitments that are understandable, relevant, supportive of the department's mandate, and related to the issues that departments identified in preparing their strategies. We examined a selection of commitments to determine if they showed an appropriate balance of activities, outputs, and outcomes. We also examined the strategies to determine if they established a coherent and logical structure of commitments.

In two departments—Fisheries and Oceans Canada and Natural Resources Canada—we assessed what has changed with respect to sustainable development since they developed their first sustainable development strategies and whether those changes can be attributed to the sustainable development strategy process.

For our second objective, we examined the performance reports of the 28 departments and agencies that produce sustainable development strategies. We compared the information in the performance reports with the goals, objectives, targets, and actions in the departments' sustainable development strategies, using our database of all commitments in each department's strategy.

We analyzed all of the commitments from the second strategies to identify those that were clear and measurable and could serve as benchmarks for departments, parliamentarians, and the public to judge whether the strategies are being implemented successfully and when corrective action may be needed.

For the first time, we audited a selection of commitments to verify that data in the departmental performance reports were consistent with data in the departments' information systems. We selected commitments from the strategies of the departments discussed in both this chapter and other chapters of this report. To assess the accuracy of the information, we identified and reviewed the supporting information referred to in the performance reports. Where necessary, we supplemented this review with further enquiry, analysis, and discussion.

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# Report of the Commissioner of the Environment and Sustainable Development to the House of Commons—2002

## Main Table of Contents

	The Commissioner's Perspective—2002
	The Decade After Rio
<b>Chapter 1</b>	Toxic Substances Revisited
<b>Chapter 2</b>	The Legacy of Federal Contaminated Sites
<b>Chapter 3</b>	Abandoned Mines in the North
<b>Chapter 4</b>	Invasive Species
<b>Chapter 5</b>	Sustainable Development Strategies
<b>Chapter 6</b>	Exercising Your Right to Know: The Environmental Petitions Process

